



# **Historic Landmarks Foundation of Indiana, Inc. d/b/a Indiana Landmarks**

**Independent Auditor's Report, Consolidated Financial  
Statements, and Supplementary Information**

August 31, 2024 and 2023



**Historic Landmarks Foundation of Indiana, Inc.  
d/b/a Indiana Landmarks  
Contents  
August 31, 2024 and 2023**

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## **Independent Auditor's Report**

Board of Directors  
Historic Landmarks Foundation of Indiana, Inc.  
d/b/a Indiana Landmarks  
Indianapolis, Indiana

### ***Opinion***

We have audited the consolidated financial statements of Historic Landmarks Foundation of Indiana, Inc. d/b/a Indiana Landmarks and its subsidiary (Indiana Landmarks), which comprise the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Indiana Landmarks as of August 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Indiana Landmarks and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Landmarks' ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Indiana Landmarks' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Landmarks' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of net assets details as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

**Forvis Mazars, LLP**

**Indianapolis, Indiana  
November 26, 2024**

**Historic Landmarks Foundation of Indiana, Inc.  
d/b/a Indiana Landmarks  
Consolidated Statements of Financial Position  
August 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,870,878	\$ 2,459,688
Contributions receivable, net of allowance for loss, 2024 - \$8,500; 2023 - \$19,200	8,030,691	801,400
Prepaid expenses and other receivables	966,486	60,450
Real estate held for renovation, restoration and resale	4,873,236	2,735,944
Notes receivable, net of allowance for loss, 2024 - \$25,000; 2023 - \$75,000	409,592	450,937
Investments	98,668,331	88,773,512
Property and equipment	15,632,228	15,937,723
Right-of-use asset - operating lease	110,895	119,891
Beneficial interest in assets held by CICF	275,928	259,417
	<u>133,838,265</u>	<u>111,598,962</u>
Total assets	<u>\$ 133,838,265</u>	<u>\$ 111,598,962</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,293,674	\$ 529,098
Operating lease liability	110,895	119,891
Annuities payable	10,608	12,217
Deferred revenue - life estates	133,064	141,766
Total liabilities	<u>1,548,241</u>	<u>802,972</u>
<b>Net Assets</b>		
Without donor restrictions	42,754,707	36,382,444
With donor restrictions	89,535,317	74,413,546
Total net assets	<u>132,290,024</u>	<u>110,795,990</u>
Total liabilities and net assets	<u>\$ 133,838,265</u>	<u>\$ 111,598,962</u>

**Historic Landmarks Foundation of Indiana, Inc.**  
**d/b/a Indiana Landmarks**  
**Consolidated Statement of Activities**  
**Year Ended August 31, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains and Other Support</b>			
Contributions of cash and other financial assets	\$ 2,299,889	\$ 8,142,899	\$ 10,442,788
Contributions of nonfinancial assets	2,696,414	-	2,696,414
Other grants	2,090,529	(11,250)	2,079,279
Membership dues	134,380	-	134,380
Tour income	238,965	-	238,965
Consulting, ticket sales and other	717,828	-	717,828
Rents	210,174	-	210,174
Investment return designated for current operations	3,095,209	234,716	3,329,925
Net gain (loss) on sale and write-down of real estate	(137,745)	248,954	111,209
	<u>11,345,643</u>	<u>8,615,319</u>	<u>19,960,962</u>
Net assets released from restrictions	1,943,165	(1,943,165)	-
Total revenue, gains and other support	<u>13,288,808</u>	<u>6,672,154</u>	<u>19,960,962</u>
<b>Expenses</b>			
Program services			
Preservation services	6,189,401	-	6,189,401
Marketing and membership services	527,438	-	527,438
Events, shops and tours	889,637	-	889,637
Property management and museums	1,304,476	-	1,304,476
Total program services	<u>8,910,952</u>	<u>-</u>	<u>8,910,952</u>
Management and general	824,338	-	824,338
Fund raising	355,952	-	355,952
Total expenses	<u>10,091,242</u>	<u>-</u>	<u>10,091,242</u>
<b>Change in Net Assets Before Other Changes</b>	3,197,566	6,672,154	9,869,720
<b>Other Changes</b>			
Change in beneficial interest in assets held by CICF	16,511	-	16,511
Investment return in excess of amounts designated for current operations	3,158,186	8,449,617	11,607,803
<b>Change in Net Assets</b>	6,372,263	15,121,771	21,494,034
<b>Net Assets, Beginning of Year</b>	<u>36,382,444</u>	<u>74,413,546</u>	<u>110,795,990</u>
<b>Net Assets, End of Year</b>	<u>\$ 42,754,707</u>	<u>\$ 89,535,317</u>	<u>\$ 132,290,024</u>

**Historic Landmarks Foundation of Indiana, Inc.**  
**d/b/a Indiana Landmarks**  
**Consolidated Statement of Activities**  
**Year Ended August 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains and Other Support</b>			
Contributions of cash and other financial assets	\$ 918,254	\$ 10,497,103	\$ 11,415,357
Contributions of nonfinancial assets	450,660	250,000	700,660
Other grants	542,060	48,156	590,216
Membership dues	119,765	-	119,765
Tour income	253,629	-	253,629
Consulting, ticket sales and other	511,520	-	511,520
Rents	216,445	-	216,445
Investment return designated for current operations	2,957,560	223,109	3,180,669
Net gain on sale and write-down of real estate	535,263	-	535,263
	<u>6,505,156</u>	<u>11,018,368</u>	<u>17,523,524</u>
Net assets released from restrictions	931,413	(931,413)	-
Total revenue, gains and other support	<u>7,436,569</u>	<u>10,086,955</u>	<u>17,523,524</u>
<b>Expenses</b>			
Program services			
Preservation services	3,976,226	-	3,976,226
Marketing and membership services	487,733	-	487,733
Events, shops and tours	841,052	-	841,052
Property management and museums	1,340,981	-	1,340,981
Total program services	<u>6,645,992</u>	<u>-</u>	<u>6,645,992</u>
Management and general	803,858	-	803,858
Fund raising	363,184	-	363,184
Total expenses	<u>7,813,034</u>	<u>-</u>	<u>7,813,034</u>
<b>Change in Net Assets Before Other Changes</b>	(376,465)	10,086,955	9,710,490
<b>Other Changes</b>			
Change in beneficial interest in assets held by CICF	(10,522)	-	(10,522)
Investment return in excess of amounts designated for current operations	926,033	3,216,060	4,142,093
<b>Change in Net Assets</b>	539,046	13,303,015	13,842,061
<b>Net Assets, Beginning of Year</b>	<u>35,843,398</u>	<u>61,110,531</u>	<u>96,953,929</u>
<b>Net Assets, End of Year</b>	<u>\$ 36,382,444</u>	<u>\$ 74,413,546</u>	<u>\$ 110,795,990</u>

**Historic Landmarks Foundation of Indiana, Inc.  
d/b/a Indiana Landmarks  
Consolidated Statement of Functional Expenses  
Year Ended August 31, 2024**

	Program Services				Total Program	Management and General	Fund Raising	Total Expenses
	Preservation Services	Marketing and Membership Services	Event Shops and Tours	Property Management and Museums				
Salaries and wages	\$ 1,556,917	\$ 340,033	\$ 493,500	\$ 87,029	\$ 2,477,479	\$ 400,623	\$ 194,720	\$ 3,072,822
Employee benefits	311,656	93,320	110,729	4,576	520,281	116,253	46,306	682,840
Total salaries, wages and related expenses	1,868,573	433,353	604,229	91,605	2,997,760	516,876	241,026	3,755,662
Professional services and fees	2,295,608	33,925	21,920	-	2,351,453	111,267	6,055	2,468,775
Promotion and publicity	14,411	31,473	32,728	-	78,612	1,787	15,957	96,356
Travel, meetings and training	322,898	1,223	15,116	-	339,237	14,720	82,201	436,158
Utilities	67,225	750	-	164,031	232,006	4,562	-	236,568
Contributions, grants and awards	1,084,641	-	-	-	1,084,641	-	-	1,084,641
Maintenance	450,964	-	54,746	249,803	755,513	25,046	400	780,959
Supplies, dues and subscriptions	31,271	3,151	12,272	1,822	48,516	45,099	1,614	95,229
Postage	3,143	23,563	754	-	27,460	5,092	8,699	41,251
Rental	1,290	-	17,834	964	20,088	14,000	-	34,088
Depreciation	5,334	-	-	660,775	666,109	38,780	-	704,889
Cost of goods sold	-	-	107,468	-	107,468	-	-	107,468
Insurance	35,379	-	1,814	135,476	172,669	45,833	-	218,502
Interest and taxes	-	-	20,743	-	20,743	1,151	-	21,894
Miscellaneous	8,664	-	13	-	8,677	125	-	8,802
Totals	<u>\$ 6,189,401</u>	<u>\$ 527,438</u>	<u>\$ 889,637</u>	<u>\$ 1,304,476</u>	<u>\$ 8,910,952</u>	<u>\$ 824,338</u>	<u>\$ 355,952</u>	<u>\$ 10,091,242</u>

**Historic Landmarks Foundation of Indiana, Inc.  
d/b/a Indiana Landmarks  
Consolidated Statement of Functional Expenses  
Year Ended August 31, 2023**

	Program Services				Total Program	Management and General	Fund Raising	Total Expenses
	Preservation Services	Marketing and Membership Services	Event Shops and Tours	Property Management and Museums				
Salaries and wages	\$ 1,391,532	\$ 285,481	\$ 443,831	\$ 86,435	\$ 2,207,279	\$ 383,002	\$ 179,623	\$ 2,769,904
Employee benefits	297,142	86,818	112,044	3,191	499,195	103,203	48,468	650,866
Total salaries, wages and related expenses	1,688,674	372,299	555,875	89,626	2,706,474	486,205	228,091	3,420,770
Professional services and fees	110,766	37,258	12,288	4,787	165,099	142,149	23,641	330,889
Promotion and publicity	8,670	47,030	26,931	-	82,631	1,507	17,341	101,479
Travel, meetings and training	289,857	832	14,031	-	304,720	14,564	81,434	400,718
Utilities	44,051	1,680	10	169,878	215,619	4,487	-	220,106
Contributions, grants and awards	393,912	-	-	-	393,912	-	-	393,912
Maintenance	1,326,295	-	63,666	327,356	1,717,317	4,257	-	1,721,574
Supplies, dues and subscriptions	24,519	3,440	8,888	-	36,847	54,055	2,310	93,212
Postage	1,412	25,194	540	-	27,146	3,211	10,367	40,724
Rental	2,138	-	17,090	-	19,228	5,834	-	25,062
Depreciation	-	-	-	639,471	639,471	37,527	-	676,998
Cost of goods sold	-	-	115,941	-	115,941	-	-	115,941
Insurance	39,207	-	3,842	109,863	152,912	48,818	-	201,730
Interest and taxes	-	-	21,946	-	21,946	1,151	-	23,097
Miscellaneous	46,725	-	4	-	46,729	93	-	46,822
Totals	<u>\$ 3,976,226</u>	<u>\$ 487,733</u>	<u>\$ 841,052</u>	<u>\$ 1,340,981</u>	<u>\$ 6,645,992</u>	<u>\$ 803,858</u>	<u>\$ 363,184</u>	<u>\$ 7,813,034</u>

**Historic Landmarks Foundation of Indiana, Inc.**  
**d/b/a Indiana Landmarks**  
**Consolidated Statements of Cash Flows**  
**Years Ended August 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Operating Activities</b>		
Change in net assets	\$ 21,494,034	\$ 13,842,061
Items not requiring (providing) cash		
Depreciation	704,889	676,998
Realized and unrealized gains on investments	(12,353,500)	(5,410,684)
Write-downs and losses on real estate held for renovation, restoration and resale	143,979	280,907
Provision (credit) for uncollectible notes receivable	(50,000)	(60,000)
Use of property in lieu of loan payment	14,000	5,835
Change in beneficial interest in assets held by CICF	(16,511)	10,522
Donated property	(2,545,277)	(660,000)
Changes in		
Contributions receivable	(7,229,291)	(451,433)
Prepaid expenses and other assets	(343,133)	92,174
Real estate held for renovation, restoration and resale	(298,897)	1,137,779
Accounts and annuities payable and other liabilities	795,810	(233,795)
Net cash provided by operating activities	<u>316,103</u>	<u>9,230,364</u>
<b>Investing Activities</b>		
Purchase of investments	(18,560,940)	(16,038,443)
Sales and maturities of investments	21,019,621	5,102,940
Principal payments received on notes receivable	427,345	233,495
Advances on notes receivable	(350,000)	(115,000)
Purchase of property and equipment	(553,888)	(165,019)
Proceeds from sale of property and equipment	112,949	116,772
Net cash provided by (used in) investing activities	<u>2,095,087</u>	<u>(10,865,255)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,411,190	(1,634,891)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,459,688</u>	<u>4,094,579</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,870,878</u>	<u>\$ 2,459,688</u>
<b>Supplemental Cash Flows Information</b>		
Property and equipment included in payables at year end	\$ 8,705	\$ 50,250

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***General***

Historic Landmarks Foundation of Indiana, Inc. (Foundation) was incorporated as a nonprofit organization and commenced operations in September 1960 under the laws of the State of Indiana. The Foundation's purpose is to preserve architecturally and historically significant buildings, sites and districts in Indiana. In addition to its preservation activities, the Foundation manages and maintains its museum facilities, and conducts tours and other special events. The Foundation has regional offices in Cambridge City, New Albany, Terre Haute, South Bend and Indianapolis, with field offices in Aurora, Evansville and Gary-Miller Beach and Wabash. The headquarters are located in Indianapolis. The Foundation's revenue and other support are derived principally from contributions and investment return.

### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Foundation and the John E. Christian Family Memorial Trust, Inc. All material intercompany accounts and transactions have been eliminated in consolidation.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

For purposes of the consolidated statements of cash flows, the Foundation considers all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents. At August 31, 2024, cash equivalents consisted of money market funds.

The balance in excess of the insured amount was approximately \$3,910,000 at August 31, 2024.

### ***Real Estate Held for Renovation, Restoration and Resale***

Real estate held for renovation, restoration and resale is recorded at the lower of cost (or fair value at the date of gift) or fair value.

### ***Investments and Investment Return***

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the consolidated statements of activities.

The Foundation has significant investments in mutual and hedge funds and is therefore subject to various risks, such as interest rate, market and credit risks. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation.

The fair values used for hedge funds may not have quoted market prices available, but values are provided by management for these funds. These estimated values are subject to uncertainty and, therefore, may differ significantly from the value that would be realized if a market for such investments existed.

**Historic Landmarks Foundation of Indiana, Inc.**  
**d/b/a Indiana Landmarks**  
**Notes to Consolidated Financial Statements**  
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Investment returns are initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment returns are reflected in the consolidated statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

***Allowance for Losses on Notes Receivables***

Allowances are recorded to reflect losses based on management’s continuing review and evaluation of the receivables and its judgment as to the impact of economic conditions on the receivables. The evaluation by management includes amount of receivables outstanding, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Management determines past due status of each note receivable on an individual basis when the borrower is in default based on the terms of the loan agreement. Management stops accruing interest when it is deemed unlikely that the borrower will be able to pay the full balance in accordance with the loan agreement.

***Property and Equipment***

Historic structures, collection items and business property and equipment are recorded at cost upon acquisition or, if donated, at fair value as of the date of gift. Major restorations are capitalized and depreciated while expenditures in the nature of normal repairs and maintenance are charged to expense as incurred.

Historic structures and collections are reported as property held for permanent use and demonstration are not depreciated.

Depreciation of business property and equipment is computed using the straight-line method over estimated useful lives as follows:

	<u>Years</u>
Land improvements	10 to 20
Buildings, building improvements and fixtures	20 to 40
Furniture and equipment including computer equipment	5 to 10
Vehicles	5

***Long-Lived Asset Impairment***

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended August 31, 2024 and 2023.

**Historic Landmarks Foundation of Indiana, Inc.**  
**d/b/a Indiana Landmarks**  
**Notes to Consolidated Financial Statements**  
**August 31, 2024 and 2023**

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***Income Taxes***

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation is not considered to be a private foundation. The Foundation files tax returns in the U.S. federal jurisdiction. Management of the Foundation is not aware of any uncertain tax positions as of August 31, 2024.

***Net Assets With Donor Restrictions***

Net assets with donor restrictions are those whose use by the Foundation has been limited by donors to a specific time period or purpose. A portion of net assets with donor restrictions have been restricted by donors to be maintained by the Foundation in perpetuity.

***Contributions***

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

***Contributed Services***

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

**Historic Landmarks Foundation of Indiana, Inc.**  
**d/b/a Indiana Landmarks**  
**Notes to Consolidated Financial Statements**  
**August 31, 2024 and 2023**

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***Expense Allocation***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Expenses have been classified as program services, management and general, and fund raising based on the actual direct expenditures and cost allocations based upon estimates of time spent by Foundation personnel.

**Note 2. Revenue From Contracts With Customers**

***Tour Revenue***

The Foundation offers guided tours of various historic sites across Indiana. Tickets for these tours are purchased in advance and the Foundation recognizes revenue at the point in time when the tour is conducted.

***Membership Revenue***

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration which the Foundation expects to receive in exchange for providing membership benefits. Membership benefits primarily include member discounts, exclusive member tours, events, and preservation experts and resources. These amounts are due from members and do not include variable consideration. Any discounts available are realized at the time of sale. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. All memberships last one calendar year.

***Consulting Revenue***

The Foundation has consulting contracts with cities in Indiana relating to historic preservation tasks. The performance obligations are determined based on the nature of the services provided by the Foundation in accordance with the contract. This revenue is recognized evenly over the length of the contract.

***Tickets, Gift Shop, and Other Revenue***

Revenue is measured as the amount of consideration the Foundation expects to receive in exchange for transferring distinct goods or providing services to customers. Tickets for various events are purchased ahead of time and revenue is recognized at the time of the event the ticket relates to. Gift shop sales are recognized and paid for at the time of purchase.

***Transaction Price and Recognition***

The Foundation determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with the Foundation's policy and implicit price concessions provided to customers. The Foundation determines its estimates of explicit price concessions based on its discount policies. Any available discounts are taken at the time of sale. The Foundation determines its estimate of implicit price concessions based on its historical collection experience with this class of customers. At August 31, 2024, 2023, and 2022, accounts receivable totaled \$27,276, \$14,660, and \$133,632, respectively.

From time to time, the Foundation will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. The Foundation has not incurred material refunds in the past and, accordingly, has not provided for a refund liability as of August 31, 2024 and 2023. The Foundation also receives payments in advance or deposits which represent contract liabilities of \$306,260, \$132,568, and \$106,435 at August 31, 2024, 2023, and 2022, respectively.

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Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the years ended August 31, 2024 and 2023, no additional revenues were recognized due to changes in its estimates of implicit price concessions, discounts and contractual adjustments for the performance obligations satisfied in prior years.

***Disaggregation of Contract Revenue***

The composition of contract revenue for the years ended August 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Membership	\$ 134,380	\$ 119,765
Tours	238,965	253,629
Consulting	204,448	95,209
Tickets, gift shop, and other	513,380	416,311
	<u>\$ 1,091,173</u>	<u>\$ 884,914</u>

The timing of recognition of contract revenue for the years ended August 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Timing of revenue and recognition		
Services transferred over time	\$ 338,828	\$ 214,974
Services transferred at a point in time	752,345	669,940
	<u>\$ 1,091,173</u>	<u>\$ 884,914</u>

**Note 3. Contributions Receivable**

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 8,029,301	\$ 770,154
Due in one to five years	10,750	55,100
	8,040,051	825,254
Less:		
Allowance for uncollectible contributions	(8,500)	(19,200)
Unamortized discount	(860)	(4,654)
	<u>\$ 8,030,691</u>	<u>\$ 801,400</u>

Contributions receivable are assets with donor restrictions within the consolidated financial statements. Once collected and if use is not restricted, the funds are released from restriction within the consolidated financial statements.

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**Note 4. Conditional Gifts**

The Foundation received a conditional gift of \$650,000 on September 1, 2022. During 2024, \$0 of this gift was recognized in the consolidated financial statements. The gift was a conditional promise to give upon the Foundation incurring qualifying expenses. The balance remaining available to draw on this grant at August 31, 2024 is \$650,000.

The Foundation received a conditional gift during the year ended August 31, 2024 of an undeterminable amount. The gift is conditional based on settling of the estate and calculation of back taxes owed by the donor.

**Note 5. Contributed Nonfinancial Assets**

For the years ended August 31, 2024 and 2023, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	<b>2024</b>	<b>2023</b>
Property	\$ 2,545,277	\$ 660,000
Other	151,137	40,660
	\$ 2,696,414	\$ 700,660

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

***Property***

Contributed property is included in real estate held for renovation, restoration, and resale. In valuing the contributed property, the Foundation records fair value based on selling price or appraised value of the property.

***Other***

Other contributed nonfinancial assets include gift shop space, amortization of life estate, and miscellaneous donated items. The Foundation estimated fair value based on the value that would be received for selling those items.

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**Note 6. Real Estate Held for Renovation, Restoration and Resale**

The Foundation frequently obtains ownership of historic properties. These are either endangered properties or properties which have been donated to the Foundation. The mission of the Foundation is to sell these properties with protective covenants attached to the deed. Below is the activity for these assets:

	<b>2024</b>			
	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Disposals/ Transfers/ Write-Downs</b>	<b>Ending Balance</b>
General Fund	\$ 626,726	\$ 1,512,000	\$ (244,306)	\$ 1,894,420
Endangered Places Fund - Statewide	1,619,218	1,597,200	(487,602)	2,728,816
Northern Indiana Preservation Fund	490,000	572,903	(812,903)	250,000
	<u>\$ 2,735,944</u>	<u>\$ 3,682,103</u>	<u>\$ (1,544,811)</u>	<u>\$ 4,873,236</u>
	<b>2023</b>			
	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Disposals/ Transfers/ Write-Downs</b>	<b>Ending Balance</b>
General Fund	\$ 1,979,588	\$ 39,413	\$ (1,392,275)	\$ 626,726
Endangered Places Fund - Marion County	47,077	-	(47,077)	-
Endangered Places Fund - Statewide	977,965	1,426,510	(785,257)	1,619,218
Northern Indiana Preservation Fund	490,000	-	-	490,000
	<u>\$ 3,494,630</u>	<u>\$ 1,465,923</u>	<u>\$ (2,224,609)</u>	<u>\$ 2,735,944</u>

Based on appraisals and offering prices, the Foundation determines from time to time that the estimated fair value of certain property held for resale could be less than its carrying value. In such situations, the Foundation reduces the carrying value of the property to fair value. The write-down reflected in the consolidated statements of activities was \$143,979 in 2024 and \$280,907 in 2023. The amount the Foundation will ultimately realize on real estate held for resale could differ materially from the estimated value in the near term, based on actual sales or changes in external factors.

**Note 7. Notes Receivable**

Notes receivable from local preservation organizations consist of loans made to such organizations, which generally bear interest at rates less than the current market rate of interest prevailing at the time the loans were made. These notes are scheduled to mature within the next three years.

Substantially all of the receivables are collateralized by mortgages on the related property. Interest on their receivables is accrued monthly at the rate established in the loan agreements.

The Foundation has provided an allowance for loss on receivable balance of \$25,000 and \$75,000 at August 31, 2024 and 2023, respectively, due to economic conditions affecting the Foundation's collateral.

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**Note 8. Investments**

The Foundation's investments are as follows:

	<u>2024</u>	<u>2023</u>
Domestic equity securities	\$ 7,136,132	\$ 6,253,479
Equity mutual funds		
Domestic	30,590,149	26,278,216
International	28,177,234	23,905,652
Fixed income mutual funds		
Domestic	9,377,921	12,668,849
International	6,449,409	2,168,624
US treasury notes	8,460,269	9,344,523
Corporate hedge funds		
Multi-strategy hedge fund	4,266,523	3,902,913
Commodity mutual funds	4,210,694	4,251,256
	<u>\$ 98,668,331</u>	<u>\$ 88,773,512</u>

The Foundation invests in certain mutual funds that allow for the use of derivatives within guidelines established in the Foundation's investment policies.

The following schedules summarize the investment return and its classification in the consolidated statements of activities:

	<b>2024</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 1,135,755	\$ 1,448,473	\$ 2,584,228
Net realized and unrealized gains	5,117,640	7,235,860	12,353,500
Total gain on investments	6,253,395	8,684,333	14,937,728
Investment return designated for operations	3,095,209	234,716	3,329,925
Investment return in excess of amounts designated for operations	<u>\$ 3,158,186</u>	<u>\$ 8,449,617</u>	<u>\$ 11,607,803</u>

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	<b>Without Donor Restrictions</b>	<b>2023 With Donor Restrictions</b>	<b>Total</b>
Dividends and interest	\$ 984,605	\$ 927,473	\$ 1,912,078
Net realized and unrealized gains	<u>2,898,988</u>	<u>2,511,696</u>	<u>5,410,684</u>
Total loss on investments	3,883,593	3,439,169	7,322,762
Investment return designated for operations	<u>2,957,560</u>	<u>223,109</u>	<u>3,180,669</u>
Investment return in excess of amounts designated for operations	<u>\$ 926,033</u>	<u>\$ 3,216,060</u>	<u>\$ 4,142,093</u>

***Alternative Investments***

The fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments held at August 31 consist of the following:

	<b>2024</b>			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Multi-strategy hedge fund (A)	<u>\$ 4,266,523</u>	<u>\$ -</u>	Annually	45-105 days
	<b>2023</b>			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Multi-strategy hedge fund (A)	<u>\$ 3,902,913</u>	<u>\$ -</u>	Annually	45-105 days

(A) This category includes investment in a hedge fund at August 31, 2024 and 2023 that pursues multiple strategies to diversify risks and reduce volatility. The fund's composite portfolio includes investments in U.S. common stocks, global real estate projects and arbitrage investments.

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**Note 9. Property and Equipment**

The Foundation's property and equipment balances are as follows:

	<u>2024</u>	<u>2023</u>
Land improvements	\$ 1,296,187	\$ 1,262,275
Buildings and fixtures	18,428,452	18,399,577
Leasehold improvements	195,951	24,603
Furniture	591,359	566,034
Equipment, including computers	581,522	510,778
	<u>21,093,471</u>	<u>20,763,267</u>
Accumulated depreciation	<u>(10,041,357)</u>	<u>(9,401,434)</u>
	11,052,114	11,361,833
Land	610,774	610,774
Property held for permanent use and demonstration	3,886,273	3,886,273
Inventory on hand	83,067	78,843
	<u>\$ 15,632,228</u>	<u>\$ 15,937,723</u>

**Note 10. Beneficial Interest in Assets Held by CICF**

During 1999, the Foundation entered into an agreement with the Central Indiana Community Foundation (CICF) to establish a fund to support local non-profits working to preserve and protect historic properties and neighborhoods in Marion County, Indiana. During 2006, the agreement with CICF was revised and under the terms of the current agreement, the Foundation will receive annual distributions of 5% of the assets of the fund. An additional annual distribution of 1% of the assets of the fund can be used by the Foundation for overhead expenses. The Foundation has granted variance power to CICF. Because the Foundation is specified as the beneficiary, the Foundation has recorded its beneficial interest in the assets of CICF.

**Note 11. Leases**

***Accounting Policies***

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

The Foundation combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office building.

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At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Foundation uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to the Foundation's line of credit rate corresponding to the lease commencement date.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

***Nature of Leases***

The Foundation has entered into the following lease arrangement:

***Operating Leases***

The Foundation has a lease for office space that expires in 2033. This lease does not contain renewal options and requires the Foundation to pay all executory costs (property taxes, maintenance and insurance). Lease payments are fixed throughout the life of the lease at \$1,417 per month. The monthly lease payment consists of a noncash portion of \$1,167 for rent and \$250 cash portion for operating expenses. The noncash portion is paid through a credit to the note receivable held with the landlord. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. The Foundation has no material related-party leases. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

***Quantitative Disclosures***

Operating lease cost for the years ended August 31, 2024 and 2023 was \$17,004 and \$7,085, respectively. The discount rate is 7.0% and remaining life is 8.7 and 9.7 years for the years ended August 31, 2024 and 2023, respectively. During 2023, a \$123,458 right-of-use asset was obtained in exchange for an operating lease liability.

Future minimum operating lease payments at August 31, 2024 were:

	<b>Operating Leases</b>
	<hr/>
2025	\$ 17,004
2026	17,004
2027	17,004
2028	17,004
2029	17,004
Thereafter	62,348
Total future undiscounted lease payments	<hr/> 147,368
Less interest	36,473
	<hr/>
Lease liability	<u>\$ 110,895</u>

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**Note 12. Line of Credit**

In October 2021, the Foundation entered into a \$2,500,000 revolving line of credit which expired October 7, 2023 and was not renewed. At August 31, 2023, there was \$0 borrowed against this line. The line was collateralized by substantially all of the Foundation's assets. Interest varied with the bank's prime rate less 1%, which was 7.5% at August 31, 2023, and was payable monthly.

**Note 13. Annuities Payable**

The Foundation has been the recipient of several gift annuities, which require future payments to the donors or their named beneficiaries. The assets received from the donors are recorded at fair value. The Foundation has recorded a liability at August 31, 2024 and 2023 of \$10,608 and \$12,217, respectively, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate of 6.9%.

**Note 14. Deferred Revenue - Life Estates**

The Foundation has been the recipient of several life estates. The properties received from the donors are recorded at fair value. The Foundation has recorded a liability at August 31, 2024 and 2023 of \$133,064 and \$141,766, respectively, which represents the amount of the discount for future interest. The liability has been determined using a discount rate of 5.4%.

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**Note 15. Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Preservation Service Program Activities		
Designated grants	\$ 10,491,993	\$ 11,749,328
Awards and Promotion	2,743,872	2,409,451
Maintenance of Kemper House	362,018	362,018
Maintenance of Morris Butler House	301,064	301,064
Northern Indiana Preservation Fund	1,559,328	-
Veraestau Historic Site	2,667,535	2,372,764
	<u>18,125,810</u>	<u>17,194,625</u>
Subject to the passage of time:		
For periods after August 31, 2024 and 2023	<u>8,163,757</u>	<u>1,602,794</u>
Endowments:		
Accumulated investment earnings, subject to appropriation and expenditures when a specified event occurs		
Restricted by donors for:		
Any activity of the organization	34,287,586	28,909,953
Endangered Places Grant	412,253	237,015
Montgomery County Projects	35,178	17,916
Black Heritage	653,114	54,190
Maintenance of the Indiana Landmarks Center	1,503,901	953,249
Support of regional offices	2,435,578	1,526,505
Total	<u>39,327,610</u>	<u>31,698,828</u>
Property and equipment to be held in perpetuity:		
Property to be used as historic house museum and preservation center	<u>1,918,091</u>	<u>1,917,250</u>
Amounts to be held in perpetuity, income restricted by donors for the following purposes:		
Endangered Places Program Director	500,000	500,000
Endangered Places grants	1,000,000	1,000,000
Montgomery County projects	103,931	103,931
Black Heritage	4,000,000	4,000,000
Any activity of the organization	8,896,118	8,896,118
Historic Preservation Endowment Fund:		
Maintenance of Indiana Landmarks Center	3,000,000	3,000,000
Support of regional offices	4,500,000	4,500,000
	<u>22,000,049</u>	<u>22,000,049</u>
Total endowments	<u>63,245,750</u>	<u>55,616,127</u>
	<u>\$ 89,535,317</u>	<u>\$ 74,413,546</u>

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**Note 16. Net Assets Released From Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Preservation services program expenses	\$ 1,869,547	\$ 707,839
Satisfaction of time restriction	<u>73,618</u>	<u>223,574</u>
Total net assets released from restriction	<u>\$ 1,943,165</u>	<u>\$ 931,413</u>

**Note 17. Endowment**

The Foundation's endowment consists of nineteen individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the State of Indiana's Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the historic dollar 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, for accounting and financial statement purposes, the Foundation classifies as net assets with donor restrictions (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. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

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The composition of net assets by type of endowment fund at August 31, 2024 and 2023 was:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 63,245,750	\$ 63,245,750
Board-designated endowment funds	16,943,485	-	16,943,485
<b>Total endowment funds</b>	<b>\$ 16,943,485</b>	<b>\$ 63,245,750</b>	<b>\$ 80,189,235</b>

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 55,616,127	\$ 55,616,127
Board-designated endowment funds	12,205,597	-	12,205,597
<b>Total endowment funds</b>	<b>\$ 12,205,597</b>	<b>\$ 55,616,127</b>	<b>\$ 67,821,724</b>

Changes in endowment net assets for the years ended August 31, 2024 and 2023 were:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 12,205,597	\$ 55,616,127	\$ 67,821,724
Investment return	4,540,169	7,628,782	12,168,951
Contributions	890,596	-	890,596
Appropriation of endowment assets for expenditure and actual expenditures	(3,822,161)	-	(3,822,161)
Other changes	3,129,284	841	3,130,125
<b>Endowment net assets, end of year</b>	<b>\$ 16,943,485</b>	<b>\$ 63,245,750</b>	<b>\$ 80,189,235</b>

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	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 11,002,000	\$ 52,818,596	\$ 63,820,596
Investment return	3,378,066	2,747,281	6,125,347
Contributions	1,085,191	-	1,085,191
Appropriation of endowment assets for expenditure and actual expenditures	(4,123,969)	-	(4,123,969)
Other changes	864,309	50,250	914,559
Endowment net assets, end of year	<u>\$ 12,205,597</u>	<u>\$ 55,616,127</u>	<u>\$ 67,821,724</u>

Amounts of donor-restricted endowment funds classified as net assets with donor restrictions at August 31, 2024 and 2023, consisted of:

	<b>2024</b>	<b>2023</b>
Net assets with donor restrictions - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	<u>\$ 23,918,140</u>	<u>\$ 23,917,299</u>
Net assets with donor restrictions - portion of perpetual endowment funds subject to a time restriction under SPMIFA without purpose restrictions	\$ 34,287,586	\$ 28,909,953
Net assets with donor restrictions - portion of perpetual endowment funds subject to a time and purpose restriction under SPMIFA	<u>5,040,024</u>	<u>2,788,875</u>
	<u>\$ 39,327,610</u>	<u>\$ 31,698,828</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. No deficiencies existed at August 31, 2024 or 2023.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that exceed 5% plus the rate of inflation, while assuming a below average level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

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To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation 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.

The Foundation has a policy (the spending policy) of appropriating for expenditure 4.5% for the years ended August 31, 2024 and 2023, of its endowment fund's average fair value over the prior twenty quarters as of June 30 preceding the year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5.0% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. For board-designated endowment funds, the Foundation releases funds for actual expenditures, not the amount under the spending policy. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations.

In December 2015, the Foundation received an endowment grant of \$7,500,000 from the Lilly Endowment, Inc. Those funds are reflected in the Historic Preservation Endowment Fund within the net assets with donor restrictions. The conditions attached to this grant allow the Foundation to invest and make withdrawals from the grant in a manner consistent with the Foundation's prudent management of other donor-designated endowments. As is consistent with the Foundation's spending policy, the grant fund's fair value at June 30 is used to establish allowable expenditures for the subsequent fiscal year. Should the fair value of the grant fund fall below the original grant amount, the allowable spending for the next fiscal year is limited to 2% of the grant fund balance.

## **Note 18. Employee Benefits**

The Foundation provides a 403(b) retirement program for employees who meet certain length of service requirements. Eligible employees include those with more than two years of service. Participating employees contribute 1% of wages to obtain the Foundation's matching contribution of 4% of wages. After seven years of service, the Foundation will increase its contribution to 8% of wages if the employee contributes a minimum of 2% of wages. Contributions are invested in individual tax-deferred annuity contracts. The Foundation's contributions for the years ended August 31, 2024 and 2023 were \$147,311 and \$140,076, respectively.

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**Note 19. Disclosures About Fair Value of Assets and Liabilities**

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2024 and 2023:

	2024				
	Fair Value	Fair Value Measurements Using			
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments					
Domestic equity securities	\$ 7,136,132	\$ 7,136,132	\$ -	\$ -	\$ -
Equity mutual funds					
Domestic	30,590,149	30,590,149	-	-	-
International	28,177,234	28,177,234	-	-	-
Fixed income mutual funds					
Domestic	9,377,921	9,377,921	-	-	-
International	6,449,409	6,449,409	-	-	-
US treasury notes	8,460,269	8,460,269	-	-	-
Multi-strategy hedge fund	4,266,523	-	-	-	4,266,523
Commodity mutual funds	4,210,694	4,210,694	-	-	-
	<u>98,668,331</u>	<u>94,401,808</u>	-	-	4,266,523
Cash and cash equivalents - money market funds	2,757,551	2,757,551	-	-	-
Beneficial interest in assets held by CICF	275,928	-	-	275,928	-
	<u>\$ 101,701,810</u>	<u>\$ 97,159,359</u>	<u>\$ -</u>	<u>\$ 275,928</u>	<u>\$ 4,266,523</u>

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	2023				
	Fair Value Measurements Using				
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV <sup>(A)</sup>	
Investments					
Domestic equity securities	\$ 6,253,479	\$ 6,253,479	\$ -	\$ -	\$ -
Equity mutual funds					
Domestic	26,278,216	26,278,216	-	-	-
International	23,905,652	23,905,652	-	-	-
Fixed income mutual funds					
Domestic	12,668,849	12,668,849	-	-	-
International	2,168,624	2,168,624	-	-	-
US Treasury notes	9,344,523	9,344,523	-	-	-
Multi-strategy mutual funds	3,902,913	-	-	-	3,902,913
Commodity mutual funds	4,251,256	4,251,256	-	-	-
	<u>88,773,512</u>	<u>84,870,599</u>	<u>-</u>	<u>-</u>	<u>3,902,913</u>
Cash and cash equivalents - money market funds	970,062	970,062	-	-	-
Beneficial interest in assets held by CICF	259,417	-	-	259,417	-
	<u>\$ 90,002,991</u>	<u>\$ 85,840,661</u>	<u>\$ -</u>	<u>\$ 259,417</u>	<u>\$ 3,902,913</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended August 31, 2024 and 2023. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

**Money Market Funds**

Where quoted market prices are available in an active market, money market mutual funds are classified within Level 1 of the valuation hierarchy.

**Investments**

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient.

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***Beneficial Interest in Assets Held by CICF***

Fair value is estimated based on the future distributions expected to be received from the trust assets and is valued at fair value of the underlying assets. Trust assets consist of an investment portfolio with a variety of securities, ranging from marketable securities to alternative investments.

Fair value determinations for Level 3 measurements are the responsibility of the finance department. The finance department challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

***Level 3 Reconciliation***

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	<b>Beneficial Interest in Assets Held by CICF</b>
Balance, September 1, 2022	\$ 269,939
Change in beneficial interest in assets held by CICF	<u>(10,522)</u>
Balance, August 31, 2023	259,417
Change in beneficial interest in assets held by CICF	<u>16,511</u>
Balance, August 31, 2024	<u><u>\$ 275,928</u></u>

***Nonrecurring Measurements***

The following tables present the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2024 and 2023:

	<b>2024</b>			
	<b>Fair Value Measurements Using</b>			
<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
Real estate held for resale	<u><u>\$ 1,187,431</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,187,431</u></u>

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	2023 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Real estate held for resale	\$ 996,837	\$ -	\$ -	\$ 996,837

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Real Estate Held for Renovation, Restoration and Resale***

Fair value for real estate held for resale is estimated based on appraisals of the properties and/or review of recent properties for sale or sold in recent months. Properties are written down to fair value if they are believed to be below the carrying value. Given the unusual and historic nature of many of these properties, most are classified within Level 3 of the valuation hierarchy.

Fair value determinations for Level 3 measurements are the responsibility of the finance department. The finance department challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

***Unobservable (Level 3) Inputs***

The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements.

	Fair Value at August 31,		Valuation Technique	Unobservable Inputs	Range
	2024	2023			
Beneficial interest in assets held by CICF	\$ 275,928	\$ 259,417	Discounted cash flow	Growth factor Discount rate	6% 6%
Real estate held for resale	1,187,431	996,837	Appraisals/Market comparable properties	Unknown	Unknown

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**Note 20. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2024 and 2023 comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,870,878	\$ 2,459,688
Contributions receivable, current portion	8,029,301	770,154
Notes receivable, current portion	74,426	30,000
Investments	98,668,331	88,773,512
Total liquid financial assets	<u>111,642,936</u>	<u>92,033,354</u>
Less:		
Donor-imposed restrictions		
Restricted funds	18,125,810	17,194,625
Endowments	61,327,659	53,698,877
Total donor-imposed restrictions	<u>79,453,469</u>	<u>70,893,502</u>
Less:		
Board-designated endowment funds	<u>16,943,485</u>	<u>12,205,597</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,245,982</u>	<u>\$ 8,934,255</u>

The Foundation's endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments is restricted for specific purposes with the exception of amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Foundation manages its liquidity by establishing and operating within approved budgets. The Foundation has an approved spending rate of 4.5% of board-designated endowment funds and donor-restricted endowment funds without a specified purpose for fiscal year 2023 and 2024. The Foundation has appropriated approximately \$3.0 million from the Foundation's endowment available to be spent within the next 12 months for general operating expenses.

Although the Foundation does not intend to spend from its \$16.9 million board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As part of the Foundation's liquidity management, a policy is in place to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation's investment policy specifies that 80% of endowment funds are to be invested in assets which can be liquidated within a calendar quarter. Currently, 96% of invested funds can be liquidated on a daily basis and the remaining 4% can be liquidated on a semi-annual basis. During the years ended August 31, 2024 and 2023, the level of liquidity reserves was managed within the policy requirements.

**Note 21. Commitments and Guarantees**

The Foundation has outstanding commitments for construction and contracts totaling approximately \$201,000.

**Note 22. Concentrations**

For the year ended August 31, 2024, two donors contributed approximately 84% of all contributions, while for the year ended August 31, 2023, 83% of total contributions were from one donor. In addition, for the year ended August 31, 2023, two donors contributed approximately 76% of all grants.

**Note 23. Subsequent Events**

Subsequent events have been evaluated through November 26, 2024, which is the date the consolidated financial statements were available to be issued.

***Supplementary Information***

**Historic Landmarks Foundation of Indiana, Inc.**  
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**Schedule of Net Assets Details**  
**August 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Net Assets Without Donor Restrictions</b>		
General Fund	\$ 20,033,799	\$ 19,871,214
Affinity Groups	128,266	103,081
Endangered Places Fund	8,098,430	6,595,289
Indiana Landmarks Center Maintenance Fund	5,965,981	3,674,699
Kemper House Maintenance Fund	404,740	311,008
Morris-Butler House Capital Maintenance Fund	950,925	245,386
Preservation Grants Fund	698,531	596,115
Easement Monitoring Fund	689,112	680,019
Veraestau Historic Site	200,000	-
Attica Revital	(46,449)	-
Sacred Places Indiana Fund	594,456	-
John E. Christian Family Memorial Trust, Inc.	5,036,916	4,305,633
Total net assets without donor restrictions	<u>42,754,707</u>	<u>36,382,444</u>
<b>Net Assets With Donor Restrictions</b>		
Grants for Historic Preservation Projects	1,127,383	1,087,547
Kemper House Maintenance Fund	362,018	362,018
Morris-Butler House Capital Maintenance Fund	301,064	301,064
Northern Indiana Preservation Fund	1,559,327	1,326,376
Sacred Places Indiana Fund	9,269,093	10,661,781
Sandi Servaas Memorial Fund	2,743,872	2,409,451
Unappropriated permanent endowment earnings	39,327,610	31,698,828
General Fund - time restricted contributions	202,799	276,418
Affinity Groups	7,500	-
B Side Creative Fiscal Sponsor	88,018	-
John E. Christian Family Memorial Trust, Inc.	7,960,958	-
Efroymsen Family Fund	500,000	500,000
Efroymsen Family Endangered Places Grant Fund	1,000,000	1,000,000
Eli Lilly Endowment Fund	8,896,118	8,896,118
Historic Preservation Endowment Fund	7,500,000	7,500,000
Montgomery County Fund	103,931	103,931
Black Heritage	4,000,000	4,000,000
Veraestau Historic Site	4,585,626	4,290,014
Total net assets with donor restrictions	<u>89,535,317</u>	<u>74,413,546</u>
Total net assets	<u>\$ 132,290,024</u>	<u>\$ 110,795,990</u>