



**OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION  
AND SUBSIDIARIES**

**CONSOLIDATED AUDITED  
FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Table of Contents

Independent Auditors' Report ..... 1 - 3

### Financial Statements

Consolidated Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis ..... 4

Consolidated Statements of Revenues, Expenses, and Changes  
in Net Assets - Modified Cash Basis ..... 5

Consolidated Statements of Functional Expenses - Modified Cash Basis..... 6

Notes to Consolidated Financial Statements ..... 7 - 21

### Supplementary Information

Consolidating Statement of Assets, Liabilities, and Net Assets  
- Modified Cash Basis ..... 22

Consolidating Statement of Revenues, Expenses, and Changes in Net Assets  
- Modified Cash Basis ..... 23

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Oberlin Historical and Improvement Organization and Subsidiaries  
Oberlin, Ohio

### Opinion

We have audited the accompanying consolidated financial statements of Oberlin Historical and Improvement Organization and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2023, and the related consolidated statements of revenue, expenses, and changes in net assets - modified cash basis and functional expenses - modified cash basis for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Oberlin Historical and Improvement Organization and Subsidiaries as of December 31, 2023, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Oberlin Historical and Improvement Organization and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Accounting

We draw attention to Note A of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### 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 the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Oberlin Historical and Improvement Organization and Subsidiaries' 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 Oberlin Historical and Improvement Organization and Subsidiaries' 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.

### **Report on Summarized Comparative Information**

We have previously audited Oberlin Historical and Improvement Organization and Subsidiaries' 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of assets, liabilities, and net assets - modified cash basis and consolidating statement of revenue, expenses, and changes in net assets - modified cash basis 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.

*Barnes Wendling CPAs*

Sheffield Village, Ohio  
August 15, 2024

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Consolidated Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis

	December 31,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 204,498	\$ 199,499
Property and equipment, net	703,178	717,496
Investments	3,274,137	3,026,630
Beneficial interest in perpetual trust	143,679	132,834
	<b>\$ 4,325,492</b>	<b>\$ 4,076,459</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Taxes withheld and collected	\$ 239	\$ 197
Security deposits	10,331	10,304
	<b>10,570</b>	<b>10,501</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	343,006	338,542
Board designated endowment	215,701	193,134
Board designated reserves	11,498	11,654
Investment in property and equipment, net	703,178	717,496
	1,273,383	1,260,826
With donor restrictions		
Purpose restriction	91,021	63,957
Endowments	2,950,518	2,741,175
	3,041,539	2,805,132
	<b>4,314,922</b>	<b>4,065,958</b>
<b>TOTAL NET ASSETS</b>		
	<b>\$ 4,325,492</b>	<b>\$ 4,076,459</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,325,492</b>	<b>\$ 4,076,459</b>

See Notes to Financial Statements

## OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

### Consolidated Statements of Revenues, Expenses, and Changes In Net Assets - Modified Cash Basis Year Ended December 31, 2023 with Summarized Financial Information for the Year Ended December 31, 2022

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
<b>REVENUES</b>				
Grants and contributions	\$ 111,733	\$ 98,151	\$ 209,884	\$ 212,991
Special events and fundraising	12,121		12,121	8,065
Membership revenue	15,675		15,675	15,864
Program revenue	11,842		11,842	10,358
Museum store sales	3,735		3,735	2,530
Investment income (loss), net	60,759	326,484	387,243	( 415,008)
Change in funds held in trust	6,246	10,845	17,091	( 17,773)
Rental income	129,773		129,773	121,055
Miscellaneous	3,378		3,378	2,343
Total revenue	355,262	435,480	790,742	( 59,575)
Endowment appropriations	147,515	( 147,515)	-0-	-0-
Net assets released from restriction	51,558	( 51,558)	-0-	-0-
	554,335	236,407	790,742	( 59,575)
<b>EXPENSES</b>				
Program services	366,004		366,004	369,973
Management and general	158,479		158,479	148,144
Fundraising	17,295		17,295	15,673
Total expenses	541,778	-0-	541,778	533,790
Changes in net assets	12,557	236,407	248,964	( 593,365)
Net assets, beginning of year	1,260,826	2,805,132	4,065,958	4,659,323
<b>NET ASSETS, end of year</b>	<b>\$ 1,273,383</b>	<b>\$ 3,041,539</b>	<b>\$ 4,314,922</b>	<b>\$ 4,065,958</b>

See Notes to Financial Statements

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Consolidated Statement of Functional Expenses - Modified Cash Basis Year Ended December 31, 2023 with Summarized Financial Information for the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries and benefits	\$ 185,075	\$ 78,998	\$ 11,891	\$ 275,964	\$ 249,979
Payroll taxes	15,323	6,563	985	22,871	20,971
	200,398	85,561	12,876	298,835	270,950
Administrative expenses		2,896		2,896	3,196
Dues and subscriptions	2,968	1,218	191	4,377	3,975
Fees and taxes	11,684	5,348		17,032	16,458
Insurance	13,124	10,096	548	23,768	23,194
Legal and professional fees	17,009	7,947	900	25,856	17,324
Miscellaneous	2,503	1,668	161	4,332	3,540
Office supplies and expenses	10,239	4,202	658	15,099	20,430
Printing and publications	4,065	1,760	261	6,086	3,862
Programs and project supplies	18,996			18,996	30,215
Repairs and maintenance	59,588	23,484	1,151	84,223	98,681
Telephone	1,412	580	91	2,083	2,755
Training and seminars	539	221	35	795	4,315
Total expenses before depreciation and amortization	342,525	144,981	16,872	504,378	498,895
Depreciation and amortization	23,479	13,498	423	37,400	34,895
Total expenses	<b>\$ 366,004</b>	<b>\$ 158,479</b>	<b>\$ 17,295</b>	<b>\$ 541,778</b>	<b>\$ 533,790</b>

See Notes to Financial Statements



# **OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES**

---

## **Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022**

### **NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Oberlin Historical and Improvement Organization is a not for profit entity whose purpose is to preserve and share the City of Oberlin's unique heritage and to make the community a better place to live, learn, work, and visit. Oberlin Historical and Improvement Organization is incorporated under the laws of the State of Ohio and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC).

OHC Properties, Inc., a wholly owned for-profit subsidiary of Oberlin Historical and Improvement Organization, acts as a property holding agency for a residential rental property. OHC Properties, Inc. is taxed under the provisions related to C corporations of the IRC.

Vineway, LLC, a wholly owned not for profit subsidiary of Oberlin Historical and Improvement Organization, acts as a property holding agency for commercial rental property at 82-86 South Main Street in Oberlin, Ohio. Vineway, LLC is disregarded entity for income tax purposes.

#### **Basis of Consolidation**

The consolidated financial statements include the accounts of Oberlin Historical and Improvement Organization and its wholly owned subsidiaries OHC Properties, Inc. and Vineway, LLC (collectively, the Organization). All intercompany transactions and balances are eliminated in consolidation.

#### **Basis of Accounting**

The Organization's policy is to prepare its consolidated financial statements on the modified cash basis of accounting. Under the modified cash basis, certain revenues are recognized when received rather than when earned or pledged and certain expenses are recognized when paid rather than when the obligation is incurred. The modified cash basis differs from cash basis as a result of the Organization capitalizing and depreciating property and equipment, adjusting investments and beneficial interest in perpetual trusts to fair market value, recording tax withholdings, and security deposits collected pertaining to rental property. Accordingly, the consolidated financial statements are not intended to be presented in conformity with accounting principles generally accepted in the United States of America.

#### **Prior Year Summarized Information**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Presentation**

Consolidated financial statement presentation follows the recommendation of the Financial Accounting Standards Board. The Organization is required to report information regarding its consolidated revenues and expenses according to two classes of net assets:

#### **Net Assets without Donor Restrictions**

Net assets not restricted by donors or for which restrictions have expired. Net assets without donor restrictions include board designated net assets, which include reserves and endowment, and net investment in property and equipment. For further details on the board designated endowment, see Note G.

#### **Net Assets with Donor Restrictions**

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. For composition of net assets with donor restriction, see Note F. For further details on the endowment funds, see Note G.

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

The Organization considers all highly liquid debt instruments purchased with maturities of three months or fewer to be cash equivalents. Cash and cash equivalents exclude any cash or cash equivalents maintained in professional investment accounts. The Organization's cash balances may exceed the insured limits from time to time.

#### **Property and Equipment**

All capitalized property and equipment is stated at cost. The policy of the Organization is to capitalize furniture and equipment greater than \$1,000 and buildings and improvements greater than \$5,000 with a useful life of greater than one year. The Organization does not capitalize the original cost and related improvements of the four historic buildings in accordance with the collections policy. Expenditures for maintenance and repairs are charged to expense when incurred. Depreciation is computed as follows:

<u>Category</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	Straight-line	15 - 40 Years
Furniture and equipment	Straight-line	5 - 7 Years

# **OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES**

---

## **Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022**

### **NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Collections**

The primary focus of the collections, including historic buildings, artifacts, and archival materials, is to maintain, exhibit, interpret, and engage visitors. Collections acquired either through purchase or donations are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with unrestricted funds and as decreases in net assets with donor restrictions if purchased with donor-restricted funds. Contributions of collection items are not recognized in the consolidated statements of revenues, expenses, and changes in net assets - modified cash basis. Proceeds from deaccessions or insurance recoveries are reflected on the consolidated statements of revenues, expenses, and changes in net assets - modified cash basis based on the absence or existence and nature of donor-imposed restrictions.

Deaccessioning must be done in accordance with the Organization's Collections Management Policy. Disposal of collections through sale, trade, or research activities is solely for the advancement of the museum's mission. Proceeds from the sale of collections are to be used for the acquisition and direct care of collections. Funds used for the direct care of the collections must enhance the life, usefulness, or quality of the collection. This includes conservation services, materials for long term storage of collections, and treatment (preservation, rehabilitation, or restoration) of interpreted structures identified as part of the collection. Direct care does not include institutional operating expenses or facilities maintenance. Any financial proceeds resulting from disposal will be tracked separately to ensure proper use of the funds. During the years ended December 31, 2023 and 2022, the Organization did not deaccession any collections for proceeds.

#### **Investments**

Investments are stated at fair value, as determined using quoted market prices. Fair value measurements are described in Note D.

Investment income includes realized and unrealized gains and losses, interest and dividends, which are reported net of fees within the changes in net assets in the accompanying consolidated statements of revenues, expenses, and changes in net assets - modified cash basis.

#### **Perpetual Trusts**

The Organization is the designated beneficiary of a perpetual trust held by a community foundation. Under the terms of the trust, the Organization has the irrevocable right to receive a percentage of the perpetual trust's annual earnings in perpetuity, which is estimated to approximate the present value of the expected future distributions from the trust. Perpetual trusts are described in Note E.

# **OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES**

---

## **Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022**

### **NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Grants, Contributions, and Membership Revenue**

Grants, contributions, and membership revenue are recognized as revenue when received. Grants and contributions without donor-imposed restrictions and grants and contributions with donor-imposed time or purpose restrictions met in the same period as the gift are reported as support without donor restriction. Other restricted gifts are reported as restricted support in net assets with donor restriction.

#### **Program Revenue**

Program revenues primarily consist of admission charges, education programs, and facility tours to visitors of the Organization. Program revenue is recognized when received.

#### **Rental Income**

Rental income related to tenant leases is recognized when received. Tenant chargebacks and common area maintenance are recognized in the period received.

#### **Functional Expenses**

The consolidated financial statements report certain categories of expenses attributed to more than one program or supporting function. Expenses identified with a specific program or supporting function are recorded directly according to their natural and functional expense classification. Certain expenses relate to more than one function and are allocated based on time spent.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

The Organization has evaluated subsequent events through August 15, 2024, the date which the consolidated financial statements were available to be issued.

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE B - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs while striving to maximize the investment of its available funds. The Organization has a goal to maintain financial assets on hand to meet 120 days of operating expenses, which are approximately \$168,000. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing programs and support services to be general expenditures during the year.

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization's board of directors has designated a portion of its resources without donor restriction as a board designated endowment fund and as board designated reserves. With board approval, these funds could be used for operational needs, in accordance with the Organization's Endowment Management Policy. Should unbudgeted withdrawals be made from either the investment fund or endowment funds, the board must approve a specific amount and set a timeline to review this action and its impact on the financial health of the Organization.

The table below presents financial assets available for general expenditures within one year:

	December 31,	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 108,561	\$ 130,470
Investments	245,015	218,573
Budgeted annual distributions from endowment funds	<u>148,750</u>	<u>144,525</u>
Financial assets available to meet the cash needs for general expenditures within one year	<u>\$ 502,326</u>	<u>\$ 493,568</u>

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2023	2022
Land	\$ 151,000	\$ 151,000
Building and building improvements	1,103,043	1,087,875
Furniture and equipment	20,995	20,995
Construction in progress	6,667	-0-
	<u>1,281,705</u>	<u>1,259,870</u>
Less accumulated depreciation	<u>578,527</u>	<u>542,374</u>
	<u>\$ 703,178</u>	<u>\$ 717,496</u>

Depreciation and amortization expense was \$37,400 and \$34,895 for the years ended December 31, 2023 and 2022, respectively.

### NOTE D - FAIR VALUE MEASUREMENTS

Financial and nonfinancial assets and liabilities are required to be re-measured on an annual basis. Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy based upon the inputs used to measure fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets accessible at the measurement date for identical assets or liabilities (for example, exchange quoted prices).

Level 2 - Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets not sufficiently active to qualify as Level 1, other observable inputs, or inputs corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The Organization's investments accounted at fair value as of December 31, 2023 are summarized below:

Description	Level 1	Level 3	Total
Money market	\$ 234,277		\$ 234,277
Equity securities and mutual funds	1,537,577		1,537,577
Exchange traded funds	620,394		620,394
Real estate investment trusts	24,208		24,208
Corporate bonds	857,681		857,681
Total investments	\$ 3,274,137	\$ -0-	\$ 3,274,137
Other assets measured at fair value on a recurring basis:			
Beneficial interest in perpetual trusts (see Note E)		\$ 143,679	\$ 143,679

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization's investments accounted at fair value as of December 31, 2022 are summarized below:

Description	Level 1	Level 3	Total
Money market	\$ 168,214		\$ 168,214
Equity securities and mutual funds	1,396,094		1,396,094
Exchange traded funds	563,748		563,748
Real estate investment trusts	28,151		28,151
Fixed income mutual funds	870,423		870,423
Total investments	\$ 3,026,630	\$ -0-	\$ 3,026,630
Other assets measured at fair value on a recurring basis:			
Beneficial interest in perpetual trusts (see Note E)		\$ 132,834	\$ 132,834

The following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2023 and 2022. There have been no changes in the methodologies used as of December 31, 2023 and 2022.

Money market funds, equity securities and mutual funds, exchange traded funds, real estate investment trusts, corporate bonds, and fixed income mutual funds are valued using quoted market prices at the net asset value of shares held by the Organization at year end.

The beneficial interest in perpetual trusts is valued at the fair value of the assets contributed to the trusts, which is estimated to approximate the present value of expected future distributions from the trusts.

The methods described above may produce a fair value calculation not indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.



# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of assets measured using Level 3 inputs:

Balance at January 1, 2022	\$ 156,739
Withdrawals	( 6,132)
Loss on beneficial interest in perpetual trust	( 17,773)
Balance at December 31, 2022	132,834
Withdrawals	( 6,246)
Gain on beneficial interest in perpetual trust	17,091
Balance at December 31, 2023	<u>\$ 143,679</u>

### NOTE E - BENEFICIAL INTEREST IN PERPETUAL TRUST

Beneficial interest in perpetual trust consists of an irrevocable trust (the O.H.I.O Endowment Fund) established by the Organization with donations with donor restrictions. The perpetual trust is held by the Community Foundation of Lorain County (Foundation). Under the terms of the trust, the Organization has the irrevocable right to receive a certain percentage of the income earned on the trust assets in perpetuity. For the years ended December 31, 2023 and 2022, income of \$6,246 and \$6,132, respectively, was received from these investments and included in the change in funds held in trust on the consolidated statements of revenues, expenses, and changes in net assets. The value of the Organization's interest totaled \$143,679 and \$132,834 as of December 31, 2023 and 2022, respectively. Fair value measurements are described in Note D. The change in value of the perpetual trusts is recognized in the consolidated statements of revenues, expenses, and changes in net assets - modified cash basis.

At December 31, 2023 and 2022, the Organization was an income beneficiary of the Executive Director Fund held at the Foundation. The Executive Director Fund is not recognized as an asset on the consolidated statements of assets, liabilities, and net assets - modified cash basis, because the Foundation holds variance power over the Executive Director Fund. The Organization receives annual distributions of income subject to the Foundation's variance power. Distributions from the Executive Director Fund were \$15,913 and \$15,267, respectively, during the years ended December 31, 2023 and 2022 and were included in grants and contributions on the consolidated statements of revenues, expenses and changes in net assets - modified cash basis.

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE E - BENEFICIAL INTEREST IN PERPETUAL TRUST (CONTINUED)

At December 31, 2023 and 2022, the Organization was an income beneficiary of the Oberlin Heritage Center/O.H.I.O History Education Fund held at the Foundation. The Oberlin Heritage Center/O.H.I.O History Education Fund is not recognized as an asset on the consolidated statements of assets, liabilities, and net assets - modified cash basis, because the Foundation holds variance power over the Oberlin Heritage Center/O.H.I.O History Education Fund. The Organization receives annual distributions of income subject to the Foundation's variance power. Distributions from the Oberlin Heritage Center/O.H.I.O History Education Fund were \$7,426 and \$7,290 during the years ended December 31, 2023 and 2022, respectively, and are included in grants and contributions on the consolidated statements of revenues, expenses, and changes in net assets - modified cash basis.

### NOTE F - NET ASSETS

Net assets without donor restrictions are comprised of the following:

	December 31,	
	2023	2022
Undesignated	\$ 343,006	\$ 338,542
Board designated reserves:		
Collection fund	2,625	2,459
Children's scholarship fund	-0-	322
Site improvements	2,291	2,291
Technology	6,582	6,582
Total Board designated reserves	11,498	11,654
Board designated endowment for		
heritage preservation	215,701	193,134
Investment in property and equipment, net	703,178	717,496
	\$ 1,273,383	\$ 1,260,826

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE F - NET ASSETS (CONTINUED)

Net assets with donor restrictions are restricted for the following:

	December 31,	
	2023	2022
Purpose restriction:		
Educational programs	\$ 6,816	\$ 8,492
Executive director salary and related expenses	-0-	665
Strategic planning	1,145	2,681
Collections	1,500	3,398
Communications coordinator	-0-	5,000
Maintenance	-0-	3,456
Capital improvements	15,205	-0-
Jewett House ramp	48,455	35,515
Passage of time	17,900	4,750
	91,021	63,957
Endowment:		
Executive director salary and related expenses	1,324,425	1,232,568
History educators' salary and related expenses	814,901	759,262
Heritage preservation	615,498	568,047
General operations	52,015	48,464
Beneficial interest in perpetual trust	143,679	132,834
	2,950,518	2,741,175
	\$ 3,041,539	\$ 2,805,132

### NOTE G - ENDOWMENTS

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# **OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES**

---

## **Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022**

### **NOTE G - ENDOWMENTS (CONTINUED)**

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the original donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction in perpetuity (a) the original value of the 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 applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction in perpetuity is classified as net assets with donor restriction having purpose restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence described by UPMIFA.

#### **Investment Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include assets of donor restricted funds the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intended to produce results that exceed the price and yield results over a three-five year period of the S&P 500 Index, EAFE + EMF Index, and the Barclays U.S. Intermediate Index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the 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 with prudent risk constraints.

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE G - ENDOWMENTS (CONTINUED)

#### Spending Policy

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds; (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Organization; and (7) the Organization's investment policies. The Organization has a policy of appropriating for distribution on an annual basis, a percentage of the endowment fund's average fair value of the prior 12 calendar quarter rolling average as approved by the board of directors. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to preserve the fair value of the endowment assets as well as to provide additional real growth through new gifts and investment return. All withdrawals or transfers to other funds are subject to approval by the board of directors.

At certain times, donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023 and 2022, a fund with an original gift value of \$156,778, fair values of \$143,679 and \$132,834, respectively, and deficiencies of \$13,099 and \$23,944, respectively, were reported in net assets with donor restrictions.

Endowment net asset composition by type of fund as of December 31, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Board designated	\$ 215,701		\$ 215,701
Donor-restricted:			
Original donor restricted gifts		\$ 2,390,593	2,390,593
Accumulated investment gains		559,925	559,925
	\$ 215,701	\$ 2,950,518	\$ 3,166,219

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE G - ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended December 31, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 193,134	\$ 2,741,175	\$ 2,934,309
Investment income, net	22,567	326,484	349,051
Change in value of perpetual trust		10,845	10,845
Contributions		19,529	19,529
Appropriation of endowment assets for expenditure		( 147,515)	( 147,515)
Endowment net assets, end of year	<u>\$ 215,701</u>	<u>\$ 2,950,518</u>	<u>\$ 3,166,219</u>

Endowment net asset composition by type of fund as of December 31, 2022:

	Without Donor Restriction	With Donor Restriction	Total
Board designated	\$ 193,134		\$ 193,134
Donor-restricted:			
Original donor restricted gifts		\$ 2,371,064	2,371,064
Accumulated investment gains		370,111	370,111
	<u>\$ 193,134</u>	<u>\$ 2,741,175</u>	<u>\$ 2,934,309</u>

Changes in endowment net assets for the year ended December 31, 2022 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 218,361	\$ 3,236,159	\$ 3,454,520
Investment loss, net	( 25,227)	( 352,644)	( 377,871)
Change in value of perpetual trust		( 23,905)	( 23,905)
Contributions		23,975	23,975
Appropriation of endowment assets for expenditure		( 142,410)	( 142,410)
Endowment net assets, end of year	<u>\$ 193,134</u>	<u>\$ 2,741,175</u>	<u>\$ 2,934,309</u>

# OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

---

## Notes to Consolidated Financial Statements Year Ended December 31, 2023 and 2022

### NOTE H - RETIREMENT PLAN

The Organization maintains a 403(b) plan (Plan), which provides retirement benefits for all eligible employees. The Organization matches 50% of the employee's contributions up to 5% of the employee's total compensation. The contributions to the plan for the years ended December 31, 2023 and 2022 were \$8,410 and \$5,932, respectively.

### NOTE I - RENTAL INCOME UNDER OPERATING LEASES

The Organization's rental income is principally obtained from tenants through rental payments as provided for under non-cancelable operating leases with terms renewing either annually or monthly. OHC Properties, Inc. leases housing space to various tenants for terms of one year or less. Vineway, LLC leases building space to three tenants under lease agreements expiring on various dates through September 2026. The tenant leases typically provide for fixed base rent. Minimum future rentals from non-cancelable operating leases are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2024	\$ 83,124
2025	57,890
2026	<u>27,450</u>
	<u>\$ 168,464</u>

### NOTE J - INCOME TAXES

Oberlin Historical and Improvement Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) and is classified as an educational and charitable organization that is not a "Private Foundation" as defined in Section 509(a) of the IRC. OHC Properties, Inc. has elected under IRC to be taxed as a C Corporation. OHC Properties, Inc. pays federal and local corporate taxes on its taxable income. Vineway, LLC, a wholly owned subsidiary of Oberlin Historical and Improvement Organization, is a disregarded entity for tax purposes. Therefore, all activity of Vineway, LLC is reported on the tax return of Oberlin Historical and Improvement Organization. Because the activity of Vineway, LLC is within the tax exempt purpose of Oberlin Historical and Improvement Organization, the activity is considered tax exempt. OHC Properties, Inc. had federal net operating losses (NOL) of \$34,974 and \$31,741 as of December 31, 2023 and 2022, respectively.

## OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

### Consolidating Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis December 31, 2023

	Oberlin Historical and Improvement Organization	OHC Properties, Inc.	Vineway, LLC	Eliminations	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 126,274	\$ 53,350	\$ 24,874		\$ 204,498
Notes receivable - related party	14,626			(\$ 14,626)	-0-
Property and equipment, net	159,815	72,709	470,654		703,178
Investments in subsidiary	596,531			( 596,531)	-0-
Investments	3,274,137				3,274,137
Beneficial interest in perpetual trust	143,679				143,679
<b>TOTAL ASSETS</b>	<b><u>\$ 4,315,062</u></b>	<b><u>\$ 126,059</u></b>	<b><u>\$ 495,528</u></b>	<b><u>(\$ 611,157)</u></b>	<b><u>\$ 4,325,492</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities</b>					
Note payable - related party			\$ 14,626	(\$ 14,626)	\$ -0-
Taxes withheld and collected	\$ 140	\$ 99			239
Security deposits		3,367	6,964		10,331
<b>TOTAL LIABILITIES</b>	140	3,466	21,590	( 14,626)	10,570
<b>Net Assets</b>					
Without donor restrictions	1,273,383		473,938	( 473,938)	1,273,383
With donor restrictions	3,041,539			-0-	3,041,539
Shareholder's equity		122,593		( 122,593)	-0-
<b>TOTAL NET ASSETS</b>	<b><u>4,314,922</u></b>	<b><u>122,593</u></b>	<b><u>473,938</u></b>	<b><u>( 596,531)</u></b>	<b><u>4,314,922</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,315,062</u></b>	<b><u>\$ 126,059</u></b>	<b><u>\$ 495,528</u></b>	<b><u>(\$ 611,157)</u></b>	<b><u>\$ 4,325,492</u></b>

See Independent Auditors' Report



## OBERLIN HISTORICAL AND IMPROVEMENT ORGANIZATION AND SUBSIDIARIES

### Consolidating Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis Year Ended December 31, 2023

	Oberlin Historical and Improvement Organization			OHC Properties, Inc.	Vineway, LLC	Eliminations	Total		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	Without Donor Restriction		Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES</b>									
Grants and contributions	\$ 111,733	\$ 98,151	\$ 209,884				\$ 111,733	\$ 98,151	\$ 209,884
Special events and fundraising	12,121		12,121				12,121		12,121
Membership revenue	15,675		15,675				15,675		15,675
Program revenue	11,842		11,842				11,842		11,842
Museum store sales	3,735		3,735				3,735		3,735
Investment gain, net	60,759	326,484	387,243				60,759	326,484	387,243
Change in funds held in trust	6,246	10,845	17,091				6,246	10,845	17,091
Rental income			-0-	\$ 39,530	\$ 90,243		129,773		129,773
Miscellaneous	27,870		27,870	615	393	(\$ 25,500)	3,378		3,378
Loss on subsidiaries	( 10,818)		( 10,818)			10,818	-0-		-0-
Total revenue	239,163	435,480	674,643	40,145	90,636	( 14,682)	355,262	435,480	790,742
Endowment appropriations	147,515	( 147,515)	-0-				147,515	( 147,515)	-0-
Net assets released from restriction	51,558	( 51,558)	-0-				51,558	( 51,558)	-0-
	438,236	236,407	674,643	40,145	90,636	( 14,682)	554,335	236,407	790,742
<b>EXPENSES</b>									
Program services	295,038		295,038		92,466	( 21,500)	366,004		366,004
Management and general	113,346		113,346	49,133		( 4,000)	158,479		158,479
Fundraising	17,295		17,295				17,295		17,295
Total expenses	425,679	-0-	425,679	49,133	92,466	( 25,500)	541,778	-0-	541,778
Changes in net assets/shareholder's equity	\$ 12,557	\$ 236,407	\$ 248,964	(\$ 8,988)	(\$ 1,830)	\$ 10,818	\$ 12,557	\$ 236,407	\$ 248,964

See Independent Auditors' Report