



LONGYEAR FOUNDATION AND AFFILIATES

**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

LONGYEAR FOUNDATION AND AFFILIATES

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December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Trustees of
Longyear Foundation and Affiliates:

Opinion

We have audited the combined financial statements of Longyear Foundation (a Massachusetts corporation, not for profit) and Affiliates (collectively, Longyear), which comprise the combined statements of financial position as of December 31, 2024 and 2023, and the related combined statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Longyear Foundation and Affiliates as of December 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 Financial Statements section of our report. We are required to be independent of Longyear 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 Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 combined 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 combined 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 Longyear's 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Longyear's 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.

AAFCPAs, Inc.

Westborough, Massachusetts
June 24, 2025

LONGYEAR FOUNDATION AND AFFILIATES

Combined Statements of Financial Position
December 31, 2024 and 2023

Assets	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and equivalents	\$ 4,062,948	\$ 36,277	\$ 4,099,225	\$ 4,120,759	\$ 375,805	\$ 4,496,564
Accounts receivable and other	51,676	8,174	59,850	116,788	5,480	122,268
Current portion of pledges and bequests receivable	599,837	141,085	740,922	1,827,372	3,094,753	4,922,125
Prepaid expenses	23,071	-	23,071	18,246	-	18,246
Inventory and assets held for sale	127,393	-	127,393	132,478	-	132,478
Total current assets	4,864,925	185,536	5,050,461	6,215,643	3,476,038	9,691,681
Investments	6,188,735	3,689,484	9,878,219	5,846,827	512,933	6,359,760
Assets Held for Split-Interest Agreements	-	1,122,819	1,122,819	-	1,088,794	1,088,794
Pledges and Bequests Receivable, net of current portion	493,709	14,301	508,010	175,453	96,174	271,627
Beneficial Interests in Endowment Trusts	-	16,518,574	16,518,574	-	16,293,019	16,293,019
Historic Property and Collections, net	52,143,457	1,305	52,144,762	19,706,744	36,078,344	55,785,088
Property and Equipment, net	11,874,587	-	11,874,587	8,813,904	-	8,813,904
Total assets	\$ 75,565,413	\$ 21,532,019	\$ 97,097,432	\$ 40,758,571	\$ 57,545,302	\$ 98,303,873
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 350,522	\$ 25,509	\$ 376,031	\$ 1,399,529	\$ 5,443	\$ 1,404,972
Current portion of obligations under split-interest agreements	-	36,501	36,501	-	35,125	35,125
Total current liabilities	350,522	62,010	412,532	1,399,529	40,568	1,440,097
Obligations under Split-Interest Agreements, net of current portion	-	226,950	226,950	-	232,633	232,633
Total liabilities	350,522	288,960	639,482	1,399,529	273,201	1,672,730
Net Assets:						
Without donor restrictions:						
Operating	4,938,764	-	4,938,764	4,922,219	-	4,922,219
Board designated:						
Specified expenditures	69,348	-	69,348	69,348	-	69,348
Investments	6,188,735	-	6,188,735	5,846,827	-	5,846,827
Historic property, collections and property and equipment	64,018,044	-	64,018,044	28,520,648	-	28,520,648
Total without donor restrictions	75,214,891	-	75,214,891	39,359,042	-	39,359,042
With donor restrictions:						
Specified expenditures	-	142,948	142,948	-	36,643,362	36,643,362
Split-interest investments	-	855,722	855,722	-	821,819	821,819
Endowments	-	20,244,389	20,244,389	-	19,806,920	19,806,920
Total with donor restrictions	-	21,243,059	21,243,059	-	57,272,101	57,272,101
Total net assets	75,214,891	21,243,059	96,457,950	39,359,042	57,272,101	96,631,143
Total liabilities and net assets	\$ 75,565,413	\$ 21,532,019	\$ 97,097,432	\$ 40,758,571	\$ 57,545,302	\$ 98,303,873

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

LONGYEAR FOUNDATION AND AFFILIATES

Combined Statements of Activities
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Support:						
Bequests	\$ 1,904,432	\$ -	\$ 1,904,432	\$ 2,024,489	\$ -	\$ 2,024,489
Grants and contributions	917,008	73,204	990,212	819,509	100,387	919,896
Appropriations from Board designated endowment	380,343	-	380,343	302,021	-	302,021
Investment income	163,509	-	163,509	186,513	-	186,513
Other	418	-	418	9,076	-	9,076
Net assets released from restrictions:						
Investments released from split-interest agreements	14,069	(14,069)	-	8,300	(8,300)	-
Distributions from endowment trusts	973,391	(973,391)	-	710,555	(710,555)	-
Satisfaction of program restrictions	200,002	(200,002)	-	385,535	(385,535)	-
Total support	<u>4,553,172</u>	<u>(1,114,258)</u>	<u>3,438,914</u>	<u>4,445,998</u>	<u>(1,004,003)</u>	<u>3,441,995</u>
Revenues:						
Programs	176,656	-	176,656	116,317	-	116,317
Merchandise sales	93,675	-	93,675	91,696	-	91,696
Memberships	54,710	-	54,710	52,345	-	52,345
Total revenue	<u>325,041</u>	<u>-</u>	<u>325,041</u>	<u>260,358</u>	<u>-</u>	<u>260,358</u>
Total revenue and support	<u>4,878,213</u>	<u>(1,114,258)</u>	<u>3,763,955</u>	<u>4,706,356</u>	<u>(1,004,003)</u>	<u>3,702,353</u>
Operating Expenses:						
Program services:						
Historic houses	2,208,917	-	2,208,917	1,751,112	-	1,751,112
Visitor services and education	1,661,398	-	1,661,398	1,385,378	-	1,385,378
Exhibits and collections	1,046,127	-	1,046,127	1,094,609	-	1,094,609
Total program services	<u>4,916,442</u>	<u>-</u>	<u>4,916,442</u>	<u>4,231,099</u>	<u>-</u>	<u>4,231,099</u>
Supporting services:						
Management and general	763,439	-	763,439	782,785	-	782,785
Development	361,498	-	361,498	468,676	-	468,676
Total supporting services	<u>1,124,937</u>	<u>-</u>	<u>1,124,937</u>	<u>1,251,461</u>	<u>-</u>	<u>1,251,461</u>
Total operating expenses	<u>6,041,379</u>	<u>-</u>	<u>6,041,379</u>	<u>5,482,560</u>	<u>-</u>	<u>5,482,560</u>
Changes in net assets from operations	<u>(1,163,166)</u>	<u>(1,114,258)</u>	<u>(2,277,424)</u>	<u>(776,204)</u>	<u>(1,004,003)</u>	<u>(1,780,207)</u>
Other Revenues (Expenses):						
Net investment return	720,163	1,256,760	1,976,923	782,580	1,545,382	2,327,962
Grants and contributions - capital and endowment	-	429,741	429,741	-	4,365,797	4,365,797
Donated assets and collections	56,208	-	56,208	4,058	-	4,058
Change in value of split-interest agreements	-	21,702	21,702	-	51,414	51,414
Net assets released for capital expenditures	36,622,987	(36,622,987)	-	92,286	(92,286)	-
Investment return designated for operations	<u>(380,343)</u>	<u>-</u>	<u>(380,343)</u>	<u>(302,021)</u>	<u>-</u>	<u>(302,021)</u>
Total other revenues (expenses)	<u>37,019,015</u>	<u>(34,914,784)</u>	<u>2,104,231</u>	<u>576,903</u>	<u>5,870,307</u>	<u>6,447,210</u>
Changes in net assets	<u>\$ 35,855,849</u>	<u>\$ (36,029,042)</u>	<u>\$ (173,193)</u>	<u>\$ (199,301)</u>	<u>\$ 4,866,304</u>	<u>\$ 4,667,003</u>

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

LONGYEAR FOUNDATION AND AFFILIATESCombined Statements of Changes in Net Assets
For the Years Ended December 31, 2024 and 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets, December 31, 2022	\$ 39,558,343	\$ 52,405,797	\$ 91,964,140
Changes in net assets	<u>(199,301)</u>	<u>4,866,304</u>	<u>4,667,003</u>
Net Assets, December 31, 2023	39,359,042	57,272,101	96,631,143
Changes in net assets	<u>35,855,849</u>	<u>(36,029,042)</u>	<u>(173,193)</u>
Net Assets, December 31, 2024	<u>\$ 75,214,891</u>	<u>\$ 21,243,059</u>	<u>\$ 96,457,950</u>

LONGYEAR FOUNDATION AND AFFILIATESCombined Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (173,193)	\$ 4,667,003
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Grants and contributions - capital and endowment	(429,741)	(4,365,797)
Net investment return	(1,976,923)	(2,327,962)
Donated collections	(56,208)	(4,058)
Change in value of split-interest agreements	(21,702)	(51,414)
Investment return designated for operations	380,343	302,021
Depreciation	1,181,609	827,693
Changes in operating assets and liabilities:		
Accounts receivable and other	73,780	(7,938)
Pledges and bequests receivable	994,820	(1,511,021)
Prepaid expenses	(4,825)	(12,774)
Inventory and assets held for sale	5,085	(18,020)
Accounts payable and accrued expenses	11,705	18,999
Obligations under split-interest agreements	(4,307)	12,073
Net cash used in operating activities	<u>(19,557)</u>	<u>(2,471,195)</u>
Cash Flows from Investing Activities:		
Acquisition of historic property and collections	(1,204,171)	(3,924,421)
Acquisition of property and equipment	(386,307)	(411,902)
Net transfers from (to) investments	(2,167,045)	706,023
Net cash used in investing activities	<u>(3,757,523)</u>	<u>(3,630,300)</u>
Cash Flows from Financing Activities:		
Endowment donations	3,148,235	1,715
Contributions for capital projects	231,506	1,170,821
Net cash provided by financing activities	<u>3,379,741</u>	<u>1,172,536</u>
Net Change in Cash and Equivalents	(397,339)	(4,928,959)
Cash and Equivalents:		
Beginning of year	<u>4,496,564</u>	<u>9,425,523</u>
End of year	<u>\$ 4,099,225</u>	<u>\$ 4,496,564</u>

LONGYEAR FOUNDATION AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended December 31, 2024

(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	2024							2023	
	Program Services			Total Program Services	Supporting Services			Total	Total
	Historic Houses	Visitor Services Programs and Education	Exhibits and Collections		Management and General	Development	Total Supporting Services		
Personnel:									
Salaries and contract workers	\$ 714,200	\$ 918,068	\$ 363,086	\$ 1,995,354	\$ 575,727	\$ 214,436	\$ 790,163	\$ 2,785,517	\$ 2,723,494
Payroll taxes and fringe benefits	103,740	140,143	59,276	303,159	27,225	31,860	59,085	362,244	327,889
Total personnel	817,940	1,058,211	422,362	2,298,513	602,952	246,296	849,248	3,147,761	3,051,383
Building Expenses:									
Building maintenance and utilities	451,080	75,598	217,914	744,592	24,417	5,826	30,243	774,835	768,862
Insurance	84,020	3,151	9,083	96,254	1,018	243	1,261	97,515	56,317
Total building expenses	535,100	78,749	226,997	840,846	25,435	6,069	31,504	872,350	825,179
Other Expenses:									
Professional services	56,557	136,070	26,707	219,334	81,111	18,380	99,491	318,825	249,304
Program events	872	129,880	-	130,752	-	-	-	130,752	88,596
Office expense and supplies	13,399	37,668	11,691	62,758	6,952	20,973	27,925	90,683	78,841
Publications	-	68,732	-	68,732	-	-	-	68,732	52,777
Program expenses	-	58,872	-	58,872	-	-	-	58,872	74,230
Telecommunications	26,691	6,822	3,475	36,988	2,067	2,836	4,903	41,891	38,863
Printing and mailing	1,251	300	229	1,780	60	30,844	30,904	32,684	36,138
Registrations and other fees	-	5,557	-	5,557	762	25,707	26,469	32,026	27,127
Travel and meetings	7,457	3,848	-	11,305	16,152	2,673	18,825	30,130	96,541
Insurance	-	9,562	4,871	14,433	2,897	2,546	5,443	19,876	18,733
Collection expense	-	-	11,817	11,817	-	-	-	11,817	14,784
Other	-	-	-	-	3,371	-	3,371	3,371	2,371
Total other expenses	106,227	457,311	58,790	622,328	113,372	103,959	217,331	839,659	778,305
Total expenses before depreciation	1,459,267	1,594,271	708,149	3,761,687	741,759	356,324	1,098,083	4,859,770	4,654,867
Depreciation	749,650	67,127	337,978	1,154,755	21,680	5,174	26,854	1,181,609	827,693
Total expenses	<u>\$ 2,208,917</u>	<u>\$ 1,661,398</u>	<u>\$ 1,046,127</u>	<u>\$ 4,916,442</u>	<u>\$ 763,439</u>	<u>\$ 361,498</u>	<u>\$ 1,124,937</u>	<u>\$ 6,041,379</u>	<u>\$ 5,482,560</u>

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

LONGYEAR FOUNDATION AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services				Supporting Services			Total
	Historic Houses	Visitor Services Programs and Education	Exhibits and Collections	Total Program Services	Management and General	Development	Total Supporting Services	
Personnel:								
Salaries and contract workers	\$ 708,591	\$ 768,664	\$ 390,498	\$ 1,867,753	\$ 615,609	\$ 240,132	\$ 855,741	\$ 2,723,494
Payroll taxes and fringe benefits	95,552	112,370	59,118	267,040	26,217	34,632	60,849	327,889
Total personnel	804,143	881,034	449,616	2,134,793	641,826	274,764	916,590	3,051,383
Building Expenses:								
Building maintenance and utilities	402,483	85,193	245,879	733,555	28,150	7,157	35,307	768,862
Insurance	44,288	2,797	8,073	55,158	924	235	1,159	56,317
Total building expenses	446,771	87,990	253,952	788,713	29,074	7,392	36,466	825,179
Other Expenses:								
Professional services	45,578	78,328	29,176	153,082	67,254	28,968	96,222	249,304
Program events	221	88,375	-	88,596	-	-	-	88,596
Office expense and supplies	16,113	26,792	10,055	52,960	4,140	21,741	25,881	78,841
Publications	-	52,777	-	52,777	-	-	-	52,777
Program expenses	-	74,230	-	74,230	-	-	-	74,230
Telecommunications	28,954	4,087	2,482	35,523	1,022	2,318	3,340	38,863
Printing and mailing	437	6,812	207	7,456	130	28,552	28,682	36,138
Registrations and other fees	-	5,179	-	5,179	1,161	20,787	21,948	27,127
Travel and meetings	6,541	3,153	-	9,694	11,180	75,667	86,847	96,541
Insurance	-	8,594	5,218	13,812	2,149	2,772	4,921	18,733
Collection expense	-	-	14,784	14,784	-	-	-	14,784
Other	-	-	-	-	2,371	-	2,371	2,371
Total other expenses	97,844	348,327	61,922	508,093	89,407	180,805	270,212	778,305
Total expenses before depreciation	1,348,758	1,317,351	765,490	3,431,599	760,307	462,961	1,223,268	4,654,867
Depreciation	402,354	68,027	329,119	799,500	22,478	5,715	28,193	827,693
Total expenses	\$ 1,751,112	\$ 1,385,378	\$ 1,094,609	\$ 4,231,099	\$ 782,785	\$ 468,676	\$ 1,251,461	\$ 5,482,560

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

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

1. OPERATIONS AND NONPROFIT STATUS

Longyear Foundation, established in 1926 and incorporated as a not-for-profit corporation in Massachusetts in 1934, owns and maintains the Longyear Museum and historical property consisting of eight historic houses located in Massachusetts and New Hampshire.

Longyear Museum (the Museum) collects, preserves and shares historical records of the life of Mary Baker Eddy and her early students. The collections promote accurate and verifiable awareness to educate the general public regarding Mary Baker Eddy, the early Christian Science workers and her church. The historic houses, where Mary Baker Eddy lived and worked, are preserved and operated in conjunction with the Museum.

Longyear Foundation has two affiliates, Longyear Historical Society, Inc. and Four Hundred Beacon Corporation (collectively, Affiliates), which are related through common Boards of Trustees. Longyear Historical Society, Inc. holds certain real estate in New Hampshire on behalf of Longyear Foundation, and Four Hundred Beacon Corporation holds the historic house in Chestnut Hill, Massachusetts, acquired in 2006.

Longyear Foundation and Affiliates are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Longyear Foundation and Affiliates are also exempt from state income taxes. Donors may deduct contributions made to Longyear Foundation and Affiliates within the IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Longyear Foundation and Affiliates' combined financial statements have been prepared in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Combination

The combined financial statements include the activity of Longyear Foundation and Affiliates (collectively, Longyear). All significant intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

Cash and Equivalents

Longyear considers cash and money market accounts held for operating costs to be cash and equivalents for purposes of the combined statements of cash flows. Cash that is held within investment portfolios pursuant to the portfolios' respective investment allocation policies is excluded from cash and equivalents for combined financial statement purposes. Cash equivalents are reported at fair value using Level 1 inputs pursuant to the fair value hierarchy (see page 15).

Pledges and Bequests Receivable and Allowance for Doubtful Accounts

Pledges and bequests receivable represent contributions unconditionally committed to Longyear. Such amounts have been discounted to the extent the gift amounts are material to the combined financial statements and collection is not expected to occur within the next operating cycle.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Bequests Receivable and Allowance for Doubtful Accounts (Continued)

Allowance for doubtful pledges receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. There was no allowance as of December 31, 2024 and 2023.

Pledges and bequests receivable are expected to be collected as follows at December 31:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 740,922	\$ 4,922,125
Two years	416,108	142,183
More than two years	<u>91,902</u>	<u>129,444</u>
	1,248,932	5,193,752
Less - current portion	<u>740,922</u>	<u>4,922,125</u>
Pledges and bequests receivable, net	<u>\$ 508,010</u>	<u>\$ 271,627</u>

Inventory

The Museum Store inventory is stated at the lower of cost or market using the FIFO (first-in, first-out) method and consists of educational materials and other items of significance to the Museum's mission.

Investments

Investments are recorded in the combined financial statements at fair value. If an investment is directly held by Longyear and an active market with quoted prices exists, the market price of an identical security is used to report fair value (Level 1 inputs). Reported fair values of shares in mutual funds are based on share prices valued using the funds as of the last business day of the fiscal year. Fixed income investments are reported as Level 1 inputs (government bonds) and Level 2 inputs (corporate bonds). Longyear's interests in the private real estate lending, private real estate and private equity funds are reported at the net asset value (NAV) reported by the fund, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of December 31, 2024 and 2023, Longyear had no plans to sell investments at amounts different than NAV.

The Board has established policies governing short and long-term investments, which are held within several investment accounts, based on the purposes for those investment accounts and their earnings. Cash and equivalents within investments are held pursuant to the investment diversification policies for the respective investment accounts. Investments are allocated among net assets without donor restrictions and net assets with donor restrictions in the accompanying combined financial statements according to the absence or presence of donor restrictions. Investments are classified as current or non-current based upon management's intent.

Investments include alternative investments which hold ownership interests in entities that in turn hold marketable and non-marketable securities. Longyear may commit to make specified capital contributions in such investments which may not be transferable or disposable before specified redemption dates. Longyear records its share of the realized activities of the entities and of any distributions received from them as increases or decreases in the cost basis of its investment until such time as the full cost has been received back; thereafter any distributions are recorded as investment income.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Net asset valuations of alternative investments are estimated by Longyear through Longyear's due diligence and information received from the asset managers. Therefore, the values presented herein are not necessarily indicative of the amount that Longyear could realize in a current transaction. Due to the inherent uncertainty of valuations, estimated values may differ significantly from the values that would have been used had a readily available and observable market existed for the underlying securities and the differences could be material. Future confirming events will also affect the estimates of fair value, and the effect of such events on those estimates of fair value could be material.

Investment return consists of interest and dividends and realized and unrealized gains and losses net of third-party investment management fees or other direct expenses of investment accounts. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are recorded based on the average cost method. Unrealized gains and losses are based on fair value changes.

Historic Property, Property and Equipment and Depreciation

Major expenditures for historic property and property and equipment are recorded at cost and depreciated on the straight-line basis over the following estimated useful lives:

Historic property	40 - 100 years
Museum building and improvements	10 - 40 years
Furniture and equipment	3 - 10 years
Exhibits	5 - 40 years
Automobiles	3 - 5 years

Donated property and equipment are recorded at fair value at the time of donation (see Note 3). Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred.

Longyear reviews the value of its property and equipment for impairment whenever changes in circumstances indicate that the carrying value of such property may not be recoverable in accordance with the requirements of ASC Topic, *Property, Plant and Equipment*. As of December 31, 2024 and 2023, Longyear has not recognized any reduction in the carrying value of its property and equipment under these standards.

Collections

Longyear has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their appraised or fair value on the accession date. Longyear's collections consist of artifacts of historical significance, including original documents and art objects. Each item is cataloged for education, research and cultural purposes, and activities verifying their existence and assessments of their condition are performed continuously.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Combined Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of annual program services are reported as operating revenue and support and operating expenses in the accompanying combined statements of activities. Other revenues (expenses) include grants and contributions not directly related to or not yet available for such annual operating spending, including gifts for capital projects and endowments and investment activity pertaining to split-interest accounts and endowments.

Net Assets

Net assets without donor restrictions represent Longyear's resources that have no external restrictions and are currently available for use by Longyear. Such assets consist of the following:

Operating net assets represent the cumulative unrestricted resources available to support Longyear's operations. Changes in net assets from operations without donor restrictions, as presented in the accompanying combined statements of activities, represents activity related to the annual operating budget, which, therefore, excludes restricted gifts for capital or investment purposes and investment earnings (losses) on accounts which are not available for operating purposes.

Board designated net assets consist of:

Board designated net assets for specified expenditures represent funds set aside by the Board of Trustees for specific purposes.

Board designated net assets for endowment represents resources designated by the Board of Trustees for an endowment-like fund, the earnings of which are made available for operations pursuant to the Board's spending policy.

Historic Property, Collections and Property and Equipment represent resources available and assets expended for historic property acquisitions and restorations, collections, and property and equipment.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions represent amounts received or committed by donors with time or purpose restrictions that have not yet been met. Donor-restricted net assets, subtotaled by type of restriction, are as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Donor-restricted net assets provided for specified expenditures, representing resources that have not yet been expended in accordance with the donor-imposed purposes and available for:		
Chestnut Hill Historic House preservation	\$ 66,306	\$ 394,644
Other purposes and programs	27,319	27,319
Other historic house projects	22,989	20,197
Museum building projects	17,987	105,948
Stoughton historic house preservation	<u>7,042</u>	<u>16,910</u>
	<u>141,643</u>	<u>565,018</u>
Donor-restricted net assets expended in accordance with donor restricted purposes for construction in progress that have not yet been placed in service	<u>1,305</u>	<u>36,078,344</u>
Donor-restricted net assets in split-interest agreements consist of charitable gift annuity contracts and interests in charitable remainder trusts	<u>855,722</u>	<u>821,819</u>
Donor-restricted net assets in endowments and perpetual trusts for which earnings may be appropriated by Longyear as specified in the respective endowment or trust agreement or in accordance with Longyear policies, as follows:		
Beneficial interests in perpetual trusts, appropriations available for:		
Endowment trust for general support	15,638,701	15,424,602
Perpetual trusts for general support	724,283	713,465
Perpetual trust to support the Concord historic house	158,103	153,350
Donor-designated endowments, appropriations available for:		
General support	398,638	322,003
Education program activities	120,000	-
Support for any historic house	<u>3,204,664</u>	<u>3,193,500</u>
	<u>20,244,389</u>	<u>19,806,920</u>
Total donor-restricted net assets	<u>\$ 21,243,059</u>	<u>\$ 57,272,101</u>

Revenue Recognition

Investment income on short-term investments is recorded as investment income without donor restrictions as earned. Investment income appropriated from Board endowments is recorded as appropriated for operating activity at such time as it is appropriated under the Board's spending policies.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, Longyear must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Longyear should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions without donor restrictions are recorded as operating revenue and net assets without donor restrictions when unconditionally received or pledged. Grants and contributions with donor restrictions are recorded as donor-restricted revenue and net assets when Longyear receives the contributions or an unconditional commitment accompanied by restrictions imposed by the donor. Donor-restricted grants and contributions are recorded as donor-restricted revenue and net assets if received or committed with donor stipulations that the net assets be held in perpetuity, or the contributions are received in respect of split-interest agreements. In addition, net investment returns on such donor-restricted endowment or split-interest agreement investments are recorded in net investment return with donor restrictions under other revenues (expenses). Donor-restricted net assets are reported in the combined statements of activities as transfers to net assets without donor restrictions as follows:

- When operating expenditures have been made which satisfy criteria of net assets with donor restrictions, such net assets are transferred to operating net assets without donor restrictions as “satisfaction of program restrictions”.
- When capital expenditures have been made and assets have been placed in service which satisfy conditions of the net assets with donor restrictions, such net assets are transferred to net assets without donor restrictions as “net assets released for capital expenditures” under “other revenues (expenses)”.
- When appropriations are made from donor-restricted endowment investments, a transfer is made to operating revenue without donor restrictions as “distributions from endowment trusts”.
- When conditions have been met for the release of split-interest investments, a transfer is made to operating revenue without donor restrictions as “investments released from split-interest agreements”.

Bequests are recorded when the conditions of the bequest are met and the amount is determinable. Longyear reports membership dues as revenue when received.

Longyear generally measures revenue from qualifying exchange transactions based on the amount of consideration it expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as it satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. Longyear evaluates its revenue contracts with customers in accordance with Topic 606.

All other revenue is recorded when earned.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Securities and Collections

Donated goods and services, including donated securities and collections, are reflected as contributions at their fair value at date of donation and are reported as unrestricted support and revenue unless explicit donor stipulations specify how the donated assets must be used. Longyear recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

During 2024 and 2023, Longyear received donations of marketable securities valued at \$126,407 and \$283,574, respectively, with fair value based on market prices for the securities on their respective dates of receipt as reported by the receiving bank. These amounts may be included in grants and contributions or in change in value of split-interest agreements in the accompanying combined statements of activities.

During 2024 and 2023, Longyear received donated collections with an aggregate value of \$56,208 and \$4,058, respectively. The fair value of donated collections is based on estimated values determined by management or independent appraisers, with reference to comparable sales if available, and are reflected in the accompanying combined financial statements as donated assets and collections. Donated collections are used in the programs.

Expense Allocations

Expenses related directly to a program or supporting service (functional activity) are distributed to that functional activity when expenses are incurred. Such expenses include, for instance, costs for professional or contract service providers who work on a specific activity and other costs incurred for a specific activity such as program-specific supplies, printing and mailing costs, or travel. Costs for staffing, including compensation and related tax and benefits costs, as well as costs for certain services provided on a contract basis, may benefit several or all functions. Such costs of people who perform the work of Longyear are allocated by functional activity based on the department to which staff are assigned, time reports prepared by staff members, and management's estimate of the percentage of work attributable to functional activity.

Other expenses which benefit more than one program or support activity are allocated to program and supporting services using rational methodologies based on *i.)* headcount of staff, *ii.)* direct cost of staff, or *iii.)* Museum building square footage. Such costs include office expenses (office equipment, supplies, telecom and subscriptions), building expenses (maintenance and utilities), certain service providers, insurance, depreciation and other expenses.

Income Taxes

Longyear accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. Longyear has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at December 31, 2024 and 2023. Longyear's information returns are subject to examination by the Federal and state jurisdictions.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Longyear follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that Longyear would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

Longyear uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of Longyear. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. Assets subject to disclosure under this framework include investments (see Note 4), beneficial interest in perpetual trusts (see Note 6), and assets held for split-interest agreements (see Note 7).

Subsequent Events

Subsequent events have been evaluated through June 24, 2025, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the combined financial statements.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

3. HISTORIC PROPERTY AND COLLECTIONS AND PROPERTY AND EQUIPMENT

Historic property and collections and property and equipment consist of the following:

	<u>2024</u>	<u>2023</u>
Historic Property and Collections:		
Real estate	\$ 11,971,721	\$ 11,536,485
Improvements and restoration	41,300,772	8,726,427
Land	2,746,110	2,746,110
Restoration and improvements in progress	<u>1,305</u>	<u>36,076,850</u>
	56,019,908	59,085,872
Less - accumulated depreciation	<u>5,571,938</u>	<u>4,941,369</u>
	50,447,970	54,144,503
Collections	<u>1,696,792</u>	<u>1,640,585</u>
	\$ <u>52,144,762</u>	\$ <u>55,785,088</u>
Property and Equipment:		
Museum building and improvements	\$ 11,481,672	\$ 11,385,298
Land	1,866,291	1,866,291
Furniture and equipment	5,149,596	1,946,615
Exhibits	6,218,566	5,906,198
Automobiles	<u>58,088</u>	<u>58,088</u>
	24,774,213	21,162,490
Less - accumulated depreciation	<u>12,899,626</u>	<u>12,348,586</u>
	\$ <u>11,874,587</u>	\$ <u>8,813,904</u>

Net assets with donor restrictions in the accompanying combined statements of financial position include \$1,305 and \$36,078,344 as of December 31, 2024 and 2023, respectively, of improvements in progress that were paid for with donor-restricted funds. These amounts will be released from restrictions when the related assets are placed in service.

4. INVESTMENTS

Investments consist of Board designated funds for investments and two endowment funds consisting of a general endowment and an endowment for which investment returns are specified to support costs of maintaining the historic houses (see Note 5). The historic house endowment fund is invested in a separate account pursuant to an agreement with the initial donor of the fund. Investments are not insured and are subject to market fluctuations.

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

4. INVESTMENTS (Continued)

The components of investments were as follows at December 31:

	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 359,722	\$ 588,195
Fixed income:		
U.S. mutual funds	<u>2,931,000</u>	<u>1,646,637</u>
Marketable equities:		
Equity securities	2,520,028	1,739,473
U.S. mutual funds	2,361,489	1,125,220
International mutual funds	601,384	366,846
Global mutual funds	<u>497,072</u>	<u>321,885</u>
Sub-total marketable equities	<u>5,979,973</u>	<u>3,553,424</u>
Alternative investments:		
Interest in non-public global investment fund	407,177	359,294
Interests in private equity funds	<u>200,347</u>	<u>212,210</u>
Sub-total alternative investments	<u>607,524</u>	<u>571,504</u>
Total investments	<u>\$ 9,878,219</u>	<u>\$ 6,359,760</u>

Fair value measurement of investments (see Note 2) was determined using the following inputs at December 31:

<u>Description</u>	<u>2024</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and equivalents	\$ 359,722	\$ -	\$ -	\$ 359,722
Fixed income	2,931,000	-	-	2,931,000
Marketable equities	<u>5,979,973</u>	-	-	<u>5,979,973</u>
	<u>\$ 9,270,695</u>	<u>\$ -</u>	<u>\$ -</u>	9,270,695
Alternative investments*				<u>607,524</u>
Total investments				<u>\$ 9,878,219</u>
<u>Description</u>	<u>2023</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and equivalents	\$ 588,195	\$ -	\$ -	\$ 588,195
Fixed income	1,646,637	-	-	1,646,637
Marketable equities	<u>3,553,424</u>	-	-	<u>3,553,424</u>
	<u>\$ 5,788,256</u>	<u>\$ -</u>	<u>\$ -</u>	5,788,256
Alternative investments*				<u>571,504</u>
Total investments				<u>\$ 6,359,760</u>

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

4. INVESTMENTS (Continued)

* In accordance with U.S. GAAP, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combined statements of financial position (see Note 2).

As of December 31, 2024 and 2023, the Organization had unfunded capital commitments totaling \$937,000 and \$984,500, respectively, related to certain alternative investment funds.

5. ENDOWMENTS

Changes in endowment net assets are as follows for the years ended December 31:

	Board Designated Endowments	Donor Restricted Endowments	Total Endowment
Endowment net assets, December 31, 2022	\$ 5,345,871	\$ 504,301	\$ 5,850,172
Net investment return	782,580	9,388	791,968
Contributions	-	1,715	1,715
Appropriations designated for operations from Board designated endowment	(302,021)	-	(302,021)
Changes for unsettled investment transactions	<u>20,397</u>	<u>(2,471)</u>	<u>17,926</u>
Endowment net assets, December 31, 2023	5,846,827	512,933	6,359,760
Net investment return	720,163	48,447	768,610
Contributions	-	3,148,235	3,148,235
Appropriations designated for operations from endowment	(380,343)	(21,019)	(401,362)
Appropriations designated for capital projects from Graham endowment fund	-	(17,865)	(17,865)
Changes for unsettled investment transactions	<u>2,088</u>	<u>18,753</u>	<u>20,841</u>
Endowment net assets, December 31, 2024	<u>\$ 6,188,735</u>	<u>\$ 3,689,484</u>	<u>\$ 9,878,219</u>

Longyear follows the Massachusetts' Uniform Prudent Management of Institutional Funds Act (UPMIFA). Subject to the intent of the donor, Longyear may appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The net assets in a donor-restricted endowment fund are restricted until appropriated for expenditure by Longyear. Board-designated endowments without donor restrictions are not subject to the provisions and limitations of UPMIFA.

Longyear maintains an investment policy, approved by the Board of Trustees for each investment account, to govern management of investments of donor-restricted and Board-designated endowment funds. Each investment policy specifies allowable investments, asset allocation objectives, spending rates, and other guidelines, including any donor-imposed restrictions on investments, with the objective of providing a predictable stream of returns combined with asset protection. Unless specified by donor agreements, the policies generally provide that a percentage of the fair market value of an investment account may be appropriated annually for purposes of general operating spending based on a discretionary percentage approved by the Board of Trustees

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

5. ENDOWMENTS (Continued)

Under Longyear's investment policy, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary. Under this policy, Longyear appropriated \$380,343 and \$302,021 for the years ended December 31, 2024 and 2023, respectively, which are included in investment return designated for operations in the accompanying combined statements of activities. Amounts withdrawn in excess of the investment policy are approved by the Board of Trustees based on full review and consideration of operating needs and investment objectives and are included in supplemental appropriations for operations in the accompanying combined statements of activities.

To satisfy its long-term rate-of-return objectives, Longyear 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 Investment Committee of the Board is responsible for recommending selection of investment managers for Longyear's portfolio.

6. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

Longyear is the beneficiary of several endowment trusts for which it is the sole or partial beneficiary. Investment decisions, distributions and all affairs of such endowment trusts are made by the Trustees of each Trust in accordance with their Trust Agreements and any applicable IRC regulations.

The Mary Beecher Longyear Trust (MBL Trust) is a Massachusetts Trust, established coincident with and by the same benefactor as that of Longyear Foundation, to provide financial support for carrying out Longyear's mission. It was initially funded in April 1926 and provides annual and other income to Longyear based on its earnings and assets in accordance with provisions of the MBL Trust.

The Edward Long Irrevocable Trust, established in 1987, provides support for improvements and maintenance of the historic house and property in Concord, New Hampshire. Its trustees are a bank and an individual in Concord, New Hampshire. The Mollie Babcock Trust, established in 2014, provides general operating support to Longyear. Longyear also has a 1.5% interest in a \$14.4 million perpetual trust managed by a bank that provides monthly payouts for operating purposes.

The MBL Trust, as modified by agreement of the Trustees and Longyear with approval of the Massachusetts court which has jurisdiction over such Massachusetts perpetual trusts, provides that the following distributions be made to Longyear: (1) An annual distribution calculated at the greater of the net income or up to 5% of the market value of the MBL Trust managed assets, disbursed ratably throughout the year; (2) Distributions of 100% of the payouts of annual earnings of certain closely-held assets to MBL Trust, disbursed quarterly; (3) Distributions may be made in the amount of up to 50% of capital distributions from the closely-held assets to the MBL Trust, and (4) Additional distributions up to a total of 7% of the market value of the MBL Trust, including amounts paid under (1) above, may be made such as the Trustees determine is prudent each year. Longyear may request that some or all of such annual amounts be retained in the MBL Trust and not paid out.

Distributions of \$973,391 and \$710,555 made in 2024 and 2023, respectively, are included in distributions from perpetual trusts in the accompanying combined statements of activities.

LONGYEAR FOUNDATION AND AFFILIATESNotes to Combined Financial Statements
December 31, 2024 and 2023**6. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS (Continued)**

Beneficial interests in perpetual trusts at their estimated fair values consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Mary Beecher Longyear Trust:		
Cash and equivalents	\$ 3,814,562	\$ 403,838
Fixed income:		
Mutual funds	1,022,483	725,112
U.S. securities	-	6,889,698
Sub-total fixed income	<u>1,022,483</u>	<u>7,614,810</u>
Marketable equities:		
Equity securities	4,050,296	1,952,771
U.S. mutual funds	2,725,946	1,708,478
International mutual funds	880,689	914,237
Global mutual funds	467,377	294,822
Sub-total marketable equities	<u>8,124,308</u>	<u>4,870,308</u>
Alternative investments:		
Interests in private equity funds	1,977,961	1,916,764
Interest in global investment fund	651,483	574,870
Interest in private mining company	40,172	40,172
Sub-total alternative investments	<u>2,669,616</u>	<u>2,531,806</u>
Total Mary Beecher Longyear Trust	<u>15,630,969</u>	<u>15,420,762</u>
Other Trusts:		
Cash and equivalents	<u>32,984</u>	<u>60,801</u>
Fixed income:		
U.S. mutual funds	298,258	293,644
U.S. government ETFs	-	44,464
U.S. corporate bond ETFs	92,959	15,024
Sub-total fixed income	<u>391,217</u>	<u>353,132</u>
Marketable equities:		
U.S. mutual funds	189,769	161,063
U.S. equities ETF	47,796	44,897
International mutual funds	10,024	51,493
Sub-total marketable equities	<u>247,589</u>	<u>257,453</u>
Beneficial interest in perpetual trust in which Longyear is not sole beneficiary	<u>215,815</u>	<u>200,871</u>
Total other trusts	<u>887,605</u>	<u>872,257</u>
Total beneficial interests in perpetual trusts	<u>\$ 16,518,574</u>	<u>\$ 16,293,019</u>

LONGYEAR FOUNDATION AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2024 and 2023

6. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS (Continued)

Assets held within the perpetual trusts are comprised of investments with the following levels of inputs at December 31, 2024:

Description	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 3,847,546	\$ -	\$ -	\$ 3,847,546
Fixed income	1,413,700	-	-	1,413,700
Marketable equities	8,371,897	-	-	8,371,897
Beneficial interest in portfolio of publicly traded securities	215,815	-	-	215,815
Alternative investments:				
Interest in private mining company	-	-	40,172	40,172
	13,848,958	-	40,172	13,889,130
Alternative investments:				
Interest in global investment fund*				651,483
Interests in private equity funds*				1,977,961
Total investments	\$ 13,848,958	\$ -	\$ 40,172	\$ 16,518,574

Assets held within the perpetual trusts are comprised of investments with the following levels of inputs at December 31, 2023:

Description	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 464,639	\$ -	\$ -	\$ 464,639
Fixed income	7,967,942	-	-	7,967,942
Marketable equities	5,127,761	-	-	5,127,761
Beneficial interest in portfolio of publicly traded securities	200,871	-	-	200,871
Alternative investments:				
Interest in private mining company	-	-	40,172	40,172
	13,761,213	-	40,172	13,801,385
Alternative investments:				
Interest in global investment fund*				574,870
Interests in private equity funds*				1,916,764
Total investments	\$ 13,761,213	\$ -	\$ 40,172	\$ 16,293,019

* In accordance with U.S. GAAP, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combined statements of financial position (see Note 2).

There were no changes in beneficial interests in perpetual trusts measured at fair value for which Longyear has used Level 3 inputs to determine fair value.

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6. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS (Continued)

Each of the alternative private equity and private hedge funds consists of a portfolio of non-publicly-traded limited partnership or other pooled investments holding venture capital, leveraged buyout capital, distressed debt, real estate, commodity or natural resource assets sponsored by experienced investment managers. Such underlying assets afford diversification across industries and types of ownership interests. Unobservable inputs used in the determination of fair value are primarily based on the funds' pro rata share of the net assets of each investment entity, subject to the terms and conditions of applicable operating agreements governing each investment. Because of the inherent uncertainties of valuation, the fair values of these funds may differ significantly from the values that would have been used had a ready market for investments held by the funds been available.

7. ASSETS HELD FOR SPLIT-INTEREST AGREEMENTS

Longyear is the beneficiary of various split-interest planned giving arrangements. These gifts are classified within the following categories:

Charitable remainder or charitable lead trusts - A donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or to Longyear over the trust's term. Upon termination of the trust, Longyear receives all or a portion of the remaining assets in accordance with the respective trust agreements.

Controlled charitable remainder trusts - Longyear maintains control over the assets associated with certain trusts. The assets and liabilities associated with obligations under the instrument are recorded at fair value and any change in the fair value is recorded as change in value of split-interest agreements.

Non-controlled remainder or lead trusts - Longyear has interests in trusts for which third parties control the assets associated with the trust, only the present value of the net amount expected to be received is recorded as an asset and any change in the fair value is recorded as change in value of split-interest agreements.

Gift annuity funds - A donor transfers assets to Longyear in return for a promise to pay a specific annuity to a designated beneficiary for their lifetime. Under this arrangement, the obligation to make annuity payments is guaranteed by all assets of Longyear. Upon the beneficiary's death, the annuity payment obligation ceases.

Assets received for controlled split-interest agreements are recorded at fair value (using Level 1 inputs) on the date the agreement is effective, and a liability equal to the present value of future distributions expected to be made by Longyear to the donor is recorded (using Level 3 inputs) as the liability for obligations under split-interest agreements in the accompanying combined statements of financial position. The present value of future distributions is based upon Internal Revenue Service life expectancy tables and rates of return ranging from 4% to 9% for agreements with annuitants aged 64 to 96, respectively. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as revenue.

Assets for non-controlled split-interest agreements are recorded using Level 3 inputs based on assets reported by third party trustees (which may include investments valued using Level 1, 2 and 3 inputs), future distributions and Internal Revenue Service life expectancy tables, as well as the terms of the split-interest agreements.

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Notes to Combined Financial Statements
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7. ASSETS HELD FOR SPLIT-INTEREST AGREEMENTS (Continued)

Investments under controlled split-interest arrangements are maintained in separate investment portfolios pursuant to Longyear's policy or contractual and legal restrictions. Assets held for split-interest agreements as of December 31, 2024 and 2023, include non-controlled residual trusts of \$599,489 and \$562,259, respectively, representing the value of Longyear's non-marketable interests in non-controlled residual or lead trusts.

At December 31, 2024 and 2023, assets held for split-interest agreements by Longyear at estimated fair values consist of the following:

2024	Gift Annuity Funds	Controlled Charitable Remainder Trusts	Total
Cash and equivalents	\$ 25,154	\$ 8,106	\$ 33,260
U.S. government and agency issues	53,436	-	53,436
Fixed income mutual funds	76,529	49,503	126,032
U.S. equities	129,485	82,678	212,163
U.S. equity mutual funds	17,105	-	17,105
International equity mutual funds	35,042	13,129	48,171
Global mutual funds	22,365	10,798	33,163
Sub-total controlled assets	<u>\$ 359,116</u>	<u>\$ 164,214</u>	523,330
Non-controlled residual trusts			<u>599,489</u>
Balance, December 31, 2024			<u>\$ 1,122,819</u>
2023	Gift Annuity Funds	Controlled Charitable Remainder Trusts	Total
Cash and equivalents	\$ 31,585	\$ 8,921	\$ 40,506
U.S. government and agency issues	40,098	-	40,098
Fixed income mutual funds	85,162	49,923	135,085
U.S. equities	132,833	81,276	214,109
U.S. equity mutual funds	15,764	-	15,764
International equity mutual funds	36,148	13,932	50,080
Global mutual funds	20,729	10,164	30,893
Sub-total controlled assets	<u>\$ 362,319</u>	<u>\$ 164,216</u>	526,535
Non-controlled residual trusts			<u>562,259</u>
Balance, December 31, 2023			<u>\$ 1,088,794</u>

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8. LINE OF CREDIT

Longyear has a revolving line of credit agreement (the RLOC) with a financial institution that provides for maximum borrowings of \$1,000,000 subject to requirements for collateral. The term of the RLOC commenced on April 26, 2024, and extends until Longyear cancels the RLOC or the lender demands repayment, as provided in the agreement. Collateral for borrowings is a security interest in an investment subaccount to which investments, that meet criteria specified in the RLOC Agreement, are assigned when funds are advanced. Interest on borrowings is at 2% over the one-month term Secured Overnight Financing Rate (SOFR) administered by the Federal Reserve Bank of New York. Interest, at a rate of 6.4963%, is payable as of December 31, 2024. Principal is due on demand and can be repaid at any time. No borrowings have occurred to date under this RLOC.

9. EMPLOYEE BENEFIT PLAN

Longyear has an IRC Section 401(k) profit sharing plan. Employees become eligible to participate in the plan on the first day of each quarter of the plan year immediately following the later of their first day of employment or the date they attain age 20. Longyear may make a matching contribution and a discretionary contribution to employee accounts in the plan. Contributions were approved for 2024 and 2023 for an employer match of up to 2% of eligible employees' salary and an employer's discretionary contribution of 2% of eligible employees' compensation. The amounts expensed are included in payroll taxes and fringe benefits in the accompanying combined financial statements and totaled \$73,428 and \$64,056 for 2024 and 2023, respectively.

10. CONCENTRATIONS

Longyear maintains its cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. Longyear has not experienced any losses in such accounts. Longyear believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The investments described in Notes 4, 6 and 7 are not insured and are subject to market fluctuations.

In each of 2024 and 2023, Longyear received approximately 21% and 33%, respectively, of its support without donor restrictions from a single donor's estate. Approximately 77% and 91% of pledges and bequests receivable (see Note 2) were due from four and three (different) donors as of December 31, 2024 and 2023, respectively.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Since inception, Longyear has relied on support provided by its members and other donors (consisting of individuals, foundations, bequests, and others) for financial resources to carry out its mission. Longyear also maintains a line of credit facility with a bank to facilitate cash flow timing. However, it only drew funds one time for a short duration to bridge receipt of incoming funds. In 2024, a new line of credit for \$1,000,000 was secured with a different bank. No funds have been drawn on the line of credit to date.

Financial resources contributed by Longyear's initial benefactor have a current market value in excess of \$15.6 million. Other endowments and split-interest investments have been added from direct donor gifts made to endowments and annuity contracts, as well as by action of Longyear's Board to set-aside certain large gifts (such as from bequests) to a Board endowment. All long-term investments maintained to provide operating support for Longyear's annual operating budget amount to approximately \$27.5 million at December 31, 2024.

LONGYEAR FOUNDATION AND AFFILIATES

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11. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

Annual support from investment earnings has averaged approximately 30% to 35% of operating revenue, providing a consistent base of funding for annual operations.

Annual support provided by donors, from all sources - gifts without donor restrictions, bequests and gifts with donor restrictions that are available to support annual operations - have provided on average, approximately 60% of annual operating revenue. Fundraising occurs throughout each year, with two notable, recurring annual appeals. The historic house annual appeal occurs in the spring and the general annual appeal occurs in the fourth quarter. Membership income is received throughout the year, whereas program and sales income (of mission-related merchandise) have seasonality related to when specific programs are held. Bequest income can be significant (with a range of 5% to 50% of total operating income).

Due to variability of some of Longyear's operating revenue sources, the Board has established a target minimum working capital level of \$800,000 to maintain to ensure commitments for expenditures can be met throughout a year. As needed, additional payouts from the Board endowment funds (in excess of the standard annual draw) may be used to support operations. Any such additional draws are planned carefully based on known large gifts and are approved in advance, usually along with the annual operating budget. Additional draws are then replenished to the account when large gifts or bequests are later received.

Finally, Longyear will also conduct fundraising campaigns targeted to raise funds needed to carry out capital projects such as to restore historic houses, maintain the museum building or produce a mission-based documentary film or book.

In addition to the financial resources discussed above and the assets listed in the table on page 26, as part of its management over liquid resources, Longyear's management and Board, along with department managers responsible for budget areas, regularly review budget-to-actual variance reports on expenditures, and updated forecasts are prepared during the year in order to identify and monitor liquidity matters.

Financial assets available for general operating use and for spending in accordance with donor restrictions limiting their use (see Note 1), within one year of the combined statement of financial position date, consist of the following at December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
	Resources are available for:	
	<i>General Operations</i>	<i>Specified Expenditures (1)</i>
Cash and equivalents	\$ 4,062,948	\$ 36,277
Accounts receivable and other	51,676	8,174
Donor pledges and other receivables	<u>599,837</u>	<u>141,085</u>
Total liquid resources at December 31, 2024	<u>\$ 4,714,461</u>	<u>\$ 185,536</u>

(1) Refer to Note 2 for a listing of projects currently in progress with specific funding.

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11. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

Financial assets available for general operating use and for spending in accordance with donor restrictions limiting their use (see Note 1), within one year of the combined statement of financial position date, consist of the following at December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
	Resources are available for:	
	<i>General Operations</i>	<i>Specified Expenditures (1)</i>
Cash and equivalents	\$ 4,120,759	\$ 1,715
Short-term investments	-	374,090
Accounts receivable and other	116,788	5,480
Donor pledges and other receivables	<u>1,827,372</u>	<u>94,753</u>
Total liquid resources at December 31, 2023	<u>\$ 6,064,919</u>	<u>\$ 476,038</u>

(1) Refer to Note 2 for a listing of projects currently in progress with specific funding.