

***STATE HISTORICAL SOCIETY  
OF NORTH DAKOTA FOUNDATION***

Audit Report

June 30, 2022

State Historical Society  
Of North Dakota Foundation

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
State Historical Society of North Dakota Foundation  
Bismarck, North Dakota

### **Opinion**

We have audited the accompanying financial statements of the State Historical Society of North Dakota Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Foundation's June 30, 2021 financial statements and, in our report dated November 1, 2021 we expressed an unqualified opinion on those financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Historical Society of North Dakota Foundation as of June 30, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Historical Society of North Dakota Foundation 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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State Historical Society of North Dakota Foundation's ability to continue as a going concern within one year after the date that the 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 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 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 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 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 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 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 the State Historical Society of North Dakota Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State Historical Society of North Dakota Foundation'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.

*Haga Kommer, Ltd*

Haga Kommer, Ltd  
Mandan, North Dakota  
December 2, 2022

STATE HISTORICAL SOCIETY  
OF NORTH DAKOTA FOUNDATION  
Statement of Financial Position  
June 30, 2022  
(with comparative totals for June 30, 2021)

ASSETS

	6/30/2022	Memo Only 6/30/2021
Current Assets:		
Cash and Cash Equivalents	\$ 430,423	\$ 478,833
Unconditional Promises to Give, Less Allowance for Uncollectible Promises of \$643, Current Portion	1,056,183	84,926
Total Current Assets	1,486,606	563,759
Fixed Assets:		
Fixed Assets	29,941	28,788
Accumulated Depreciation	(28,110)	(27,567)
Net Fixed Assets	1,831	1,221
Other Assets:		
Unconditional Promises to Give, Less Allowance for Uncollectible Promises	-	45,680
Investments	789,830	953,083
Mineral Acres	22,939	18,284
Cash Held for Others	66,669	66,669
Total Other Assets	879,438	1,083,716
<b>TOTAL ASSETS</b>	<b>\$ 2,367,875</b>	<b>\$ 1,648,696</b>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 5,534	\$ 1,397
Payroll Taxes/Withholdings Payable	1,033	941
VISA Credit Cards Payable	573	277
Wages Payable	12,186	5,850
Accrued Leave Payable	11,178	11,783
Deferred Membership Revenue	58,617	55,928
Total Current Liabilities	89,121	76,176
Long-Term Liabilities:		
Due to Chateau - Society	66,669	66,669
Total Long-Term Liabilities	66,669	66,669
Total Liabilities	155,790	142,845
Net Assets:		
Without Donor Restrictions	1,599,330	903,075
With Donor Restrictions	612,755	602,776
Total Net Assets	2,212,085	1,505,851
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,367,875</b>	<b>\$ 1,648,696</b>

STATE HISTORICAL SOCIETY  
OF NORTH DAKOTA FOUNDATION  
Statement of Activities  
For the Year Ended June 30, 2022  
(with comparative totals for June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/2022	Memo Only 6/30/2021
<b>SUPPORT AND REVENUE:</b>				
Memberships	\$ 100,480	\$ -	\$ 100,480	\$ 84,929
Oil Royalty Revenue	2,735	-	2,735	1,571
Donations	1,091,051	77,002	1,168,053	113,538
Grant	29,150	-	29,150	-
Trustee Income	21,189	-	21,189	29,520
Special Project - Foundations	4,057	-	4,057	4,422
Interest Income	52,553	10,436	62,989	17,331
In-Kind Income	1,401	-	1,401	15,000
SBA/PPP Loans Forgiven	-	-	-	111,650
Miscellaneous Income	150	-	150	36,661
Net Assets Released from Restrictions	39,241	(39,241)	-	-
<b>Total Support and Revenue</b>	<b>1,342,007</b>	<b>48,197</b>	<b>1,390,204</b>	<b>414,622</b>
<b>EXPENSES:</b>				
Program Expenses	131,425	-	131,425	30,074
Membership Development Expenses	16,158	-	16,158	18,907
Management and General Expenses	330,018	-	330,018	322,779
Fund-Raising Expenses				
General Fund-Raising	5,273	-	5,273	5,194
<b>Total Expenses</b>	<b>482,874</b>	<b>-</b>	<b>482,874</b>	<b>376,954</b>
<b>Excess of Support and Revenue Over/(Under) Expenses</b>	<b>859,133</b>	<b>48,197</b>	<b>907,330</b>	<b>37,668</b>
<b>OTHER GAINS AND (LOSSES):</b>				
Realized Gain (Loss) on Investments	2,452	362	2,814	22,602
Unrealized Gain (Loss) on Investments	(169,985)	(38,580)	(208,565)	155,778
Unrealized Gain (Loss) on Valuation	4,655	-	4,655	(1,873)
<b>Total Other Gains and (Losses)</b>	<b>(162,878)</b>	<b>(38,218)</b>	<b>(201,096)</b>	<b>176,507</b>
<b>Change in Net Assets</b>	<b>696,255</b>	<b>9,979</b>	<b>706,234</b>	<b>214,175</b>
<b>Net Assets - Beginning of Year</b>	<b>903,075</b>	<b>602,776</b>	<b>1,505,851</b>	<b>1,291,676</b>
<b>NET ASSETS - End of Year</b>	<b>\$ 1,599,330</b>	<b>\$ 612,755</b>	<b>\$ 2,212,085</b>	<b>\$ 1,505,851</b>

STATE HISTORICAL SOCIETY  
OF NORTH DAKOTA FOUNDATION  
Statement of Functional Expenses  
For the Year Ended June 30, 2022  
(with comparative totals for June 30, 2021)

	Program Expenses	Membership Development Expenses	Management & General Expenses	Fund-Raising	6/30/2022	Memo Only 6/30/2021
Expenses:						
Accounting Fees	\$ -	\$ -	\$ 22,165	\$ -	\$ 22,165	\$ 24,135
Contract Labor	-	-	128	-	128	528
Courthouse Expense	1,808	-	-	-	1,808	1,612
Credit Card Fees	10	2,039	7,075	1,052	10,176	6,465
Employee Training	-	-	-	-	-	1,250
Equipment	-	-	4,983	-	4,983	2,588
Grants & Special Projects	-	-	-	-	-	2,038
Insurance	-	-	2,915	-	2,915	2,592
Marketing	-	-	2,393	180	2,573	2,554
Meeting Expense	-	-	591	-	591	344
Memberships & Conferences	-	-	2,185	-	2,185	2,225
Miscellaneous Expense	-	-	1,311	-	1,311	1,084
Office Supplies	252	-	1,367	-	1,619	2,461
Postage	-	9,287	991	992	11,270	11,613
Direct Mail	-	4,832	73	3,049	7,954	12,644
Publications	11,644	-	-	-	11,644	11,161
Recognition (Hall of Honors)	414	-	-	-	414	32
Repairs/Maintenance Agreements	-	-	1,613	-	1,613	3,900
Software	-	-	1,834	-	1,834	16,831
Telephone	-	-	2,469	-	2,469	2,833
Travel	-	-	5,981	-	5,981	243
Vacation & Sick Leave Expense	-	-	(605)	-	(605)	(2,588)
Wages	-	-	199,924	-	199,924	194,646
Payroll Taxes Expense	-	-	14,817	-	14,817	14,972
Health Insurance	-	-	39,743	-	39,743	31,795
408(k) SEP Expense	-	-	17,423	-	17,423	17,541
Special Project - Annual Recognition Event	1,853	-	-	-	1,853	-
Special Project - Community Events	950	-	-	-	950	-
Special Project - Council on Arts Grant	8,000	-	-	-	8,000	-
Special Project - Humanities ND Grant	21,150	-	-	-	21,150	-
Special Project - Native American Hall of Honors	37,435	-	-	-	37,435	10,500
Special Project - Society Projects	1,360	-	-	-	1,360	-
Special Project - Staff Development Grant	4,708	-	-	-	4,708	-
Special Project - Volunteer Appreciation	3,841	-	-	-	3,841	-
Special Project - Other	38,000	-	99	-	38,099	412
Depreciation	-	-	543	-	543	543
Total Expenses	\$ 131,425	\$ 16,158	\$ 330,018	\$ 5,273	\$ 482,874	\$ 376,954

STATE HISTORICAL SOCIETY  
OF NORTH DAKOTA FOUNDATION  
Statement of Cash Flows  
For the Year Ended June 30, 2022  
(with comparative totals for June 30, 2021)

	6/30/2022	Memo Only 6/30/2021
Cash flows from operating activities:		
Change in net assets	\$ 706,234	\$ 214,175
Non-cash charges:		
Depreciation expense	543	543
Change in operating assets and liabilities:		
(Increase) decrease in promises to give, net	(925,577)	49,714
(Increase) decrease in cash held for others	-	2,344
Increase (decrease) in accounts & credit cards payable	4,433	(2,204)
Increase (decrease) in payroll taxes/withholdings payable	92	(2,476)
Increase (decrease) in wages payable	6,336	(255)
Increase (decrease) in accrued leave payable	(605)	(2,588)
Increase (decrease) in deferred membership revenue	2,689	15,912
Total adjustments	(912,089)	60,990
Net cash provided (used) by operating activities	(205,855)	275,165
Cash flows from investing activities:		
Investments cashed	-	136,356
Interest, dividends, and gains reinvested	(62,815)	(16,969)
Investments purchased	12,209	(423,858)
Fees paid on investments	8,108	4,638
Unrealized (gain) loss on investments	208,565	(155,778)
Realized (gain) loss on investments	(2,814)	(22,602)
Valuation (gain) loss on mineral acres	(4,655)	1,873
Purchases of new equipment	(1,153)	-
Net cash provided (used) by investing activities	157,445	(476,340)
Cash flows from financing activities:		
Advanced on SBA loan	-	55,825
Forgiven SBA loan principal	-	(111,650)
Net cash provided (used) by financing activities	-	(55,825)
Net increase (decrease) in cash and cash equivalents	(48,410)	(257,000)
Cash and Cash Equivalents - June 30, 2021	478,833	735,833
Cash and Cash Equivalents - June 30, 2022	\$ 430,423	\$ 478,833



STATE HISTORICAL SOCIETY OF NORTH DAKOTA FOUNDATION

Notes to the Financial Statements

June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The *mission* of the State Historical Society of North Dakota Foundation is to provide fundraising and membership development activities to support the State Historical Society of North Dakota which preserves and promotes the heritage of North Dakota and its people. The State Historical Society of North Dakota has provided office space to the Foundation in order to carry out their duties and responsibilities.

Basis of Accounting and Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Income is recognized when earned and expenses are recognized when incurred.

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. See Note 8 for details of the donor restricted net assets.

Contributed Services

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because these services do not meet the criteria for recognition as contributed services.

Cash and Cash Equivalents

The Foundation considers assets without donor restrictions highly liquid investments with an initial maturity of three months or less to be cash equivalents.

STATE HISTORICAL SOCIETY OF NORTH DAKOTA FOUNDATION

Notes to the Financial Statements

June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash Held for Others

The State Historical Society of North Dakota Foundation is holding funds from the City of Medora and the Billings County Commission. Each group has pledged \$150,000 towards bonds that the State Historical Society of North Dakota holds for the completion of the Chateau de Mores in Medora. Every two years a payment is made on the bonds from these funds. This arrangement will continue until the bonds are paid off.

Investments

Investments include certificates of deposit with terms of more than three months and equity and bond funds held by brokerages. Investments in certificates of deposit and equity and debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

The Foundation capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment is carried at cost and is being depreciated on the straight-line method with a useful life of five to ten years.

Income Taxes

The State Historical Society of North Dakota Foundation is incorporated under the laws of the State of North Dakota as a not-for-profit corporation. Accordingly, they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and by virtue thereof are also exempt from North Dakota state income taxes.

The Foundation has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10. The implementation of this standard had no impact on the financial statements. As of both the date of adoption, and as of June 30, 2022, the unrecognized tax benefit accrual was zero.

The Foundation will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The federal income tax returns of the Foundation are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

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

STATE HISTORICAL SOCIETY OF NORTH DAKOTA FOUNDATION  
Notes to the Financial Statements  
June 30, 2022

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2021, from which summarized information was derived.

Subsequent Events

The Foundation has evaluated subsequent events through December 2, 2022, the date which the financial statements were available to be issued.

NOTE 2      AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditures, that is, without donor restrictions and other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year end:	
Cash & cash equivalents	\$ 430,423
Unconditional Promises to Give	1,056,183
Investments	723,161
Cash Held for Others	66,669
Total financial assets	<u>2,276,436</u>
Less amounts not available to be used within one year:	
Investments	(723,161)
Cash Held for Others	(66,669)
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,486,606</u></u>

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses.

STATE HISTORICAL SOCIETY OF NORTH DAKOTA FOUNDATION  
Notes to the Financial Statements  
June 30, 2022

NOTE 3      PROMISES TO GIVE

Unconditional promises to give at June 30, 2022 are as follows:

	<u>Trustees</u>	<u>Foundation</u>	<u>Total</u>
Receivable in less than one year	\$ 4,801	\$ 1,052,025	\$ 1,056,826
Receivable in one to five years	-	-	-
Total unconditional promises	<u>4,801</u>	<u>1,052,025</u>	<u>1,056,826</u>
Less discounts to net present value	-	-	-
Less allowance for uncollectible promises	(440)	(203)	(643)
Net promises to give	<u>\$ 4,361</u>	<u>\$ 1,051,822</u>	<u>\$ 1,056,183</u>

Foundation and Trustee pledges may be used at the discretion of the Foundation. The pledges will help cover ongoing fundraising costs but will also be used for special projects the Society might have. The discount rate used on long-term promises to give was four percent.

NOTE 4      FIXED ASSETS

The following is a summary of furniture and equipment as of June 30, 2022:

Furniture and equipment	\$ 29,941
Less accumulated depreciation	<u>(28,110)</u>
Net fixed assets	<u>\$ 1,831</u>

NOTE 5      INVESTMENTS

The fair values of long-term investments totaled \$789,830.

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2022.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest & dividend income	\$ 28,976	\$ 34,013	\$ 62,989
Realized gain (loss)	2,452	362	2,814
Unrealized gain (loss)	<u>-</u>	<u>(208,565)</u>	<u>(208,565)</u>
Total investment return	<u>\$ 31,428</u>	<u>\$ (174,190)</u>	<u>\$ (142,762)</u>

STATE HISTORICAL SOCIETY OF NORTH DAKOTA FOUNDATION

Notes to the Financial Statements

June 30, 2022

NOTE 6 FAIR VALUE MEASUREMENTS

The Foundation had adopted the fair value measurement presentation that follows the provisions of the FASB Accounting Standards Codification Topic ASC 820. The provision prescribes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted market prices for identical assets or liabilities in active markets.

Level 2 – Quoted market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. Observable inputs include market data that are readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Level 3 inputs also consist of mineral acres valued using a discounted cash flow model (income approach) and consideration of other factors deemed relevant in the circumstances. Due to the significant unobservable inputs required to estimate the fair value of these investments, the Foundation's investments in other assets are classified as Level 3 in the hierarchy.

Fair values of the investments measured on a recurring basis at June 30, 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>ASSETS</b>				
<u>Long-term Investments</u>				
Edward Jones				
Mutual funds (equities)	\$ 17,548	\$ 17,548	\$ -	\$ -
Stock	26,032	26,032	-	-
American Trust Center				
Mutual funds (fixed income)	292,805	292,805	-	-
Mutual funds (equities)	453,445	453,445	-	-
Mineral Acres	22,939	-	-	22,939
Total long-term investments	<u>\$ 812,769</u>	<u>\$ 789,830</u>	<u>\$ -</u>	<u>\$ 22,939</u>

STATE HISTORICAL SOCIETY OF NORTH DAKOTA FOUNDATION  
Notes to the Financial Statements  
June 30, 2022

NOTE 6      FAIR VALUE MEASUREMENTS – CONTINUED

The following table includes a reconciliation of beginning and ending balances of the liabilities using significant unobservable inputs (Level 3), during the fiscal year ending June 30, 2022.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	<u>Assets</u>
	Mineral Acres
Beginning Balance	\$ 18,284
Unrealized gain (loss) on valuation adjustment Included in changes in net assets	4,655
Ending Balance	\$ 22,939

NOTE 7      NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2022, net assets with donor restrictions include the following:

Restricted for:	
Sakakawea Statue	\$ 33,222
1883 Courthouse Committee	56,352
Baker Family Scholarship	2,000
ND History Day	748
Archeology	20,300
Camp Hancock	1,275
Fort Totten Inn	3,500
Site Improvements	10,000
Oscar Zero	940
Lake Jessie	60,000
Native American HOH	78,929
Endowment Funds - Society	39,488
Endowment Fund - Principal	306,001
Total	\$ 612,755

NOTE 8      RETIREMENT PLAN

The Foundation provides a defined contribution 408(k) plan for substantially all employees. Under the plan, the Foundation contributes 9% of each eligible employee's salary and employees may contribute any amount up to the maximum limit established by the Internal Revenue Service each year. The Foundation's expense for the year ended June 30, 2022 was \$17,423.

STATE HISTORICAL SOCIETY OF NORTH DAKOTA FOUNDATION

Notes to the Financial Statements

June 30, 2022

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its accounts with various banks in North Dakota. The accounts are adequately insured by the Federal Deposit Insurance Corporation up to \$250,000.

Unconditional promises to give (net) of \$1,056,183 account for 45 percent of the Foundation's assets. Approximately 99 percent of the promises to give receivable are from two individuals or companies. The Foundation is subject to the risk that promises to give will not be collectible due to individual or economic factors.

NOTE 10 MINERAL ACRES

During the year ended June 30, 2014, the Foundation received a donation of mineral acres. The fair value of the donated acres at the time of receipt was \$86,000. The mineral acres were revalued using a discounted cash flow model (income approach) and consideration of other factors deemed relevant in the circumstances. The value of the mineral acres at June 30, 2022 is \$22,939.

NOTE 11 FUTURE PRONOUNCEMENTS

*ASU 2016-02, Leases (Topic 842)*

During 2016, the FASB issued guidance to change the accounting for leases. The main provision of ASU 2016-02 is that lessees will be required to recognize lease assets and lease liabilities for most long-term leases, including those classified as operating leases under GAAP. The ASU is effective for the Trust for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

Management has not yet determined the effect these pronouncements will have on the Foundation's financial statements.

With the exception of the new standards discussed above, we have not identified any new accounting pronouncements that have potential significance to the Foundation's financial statements.