

BEVERLY HISTORICAL SOCIETY
Financial Statements
For the Years Ended
September 30, 2012 (Audited) and 2011 (Reviewed)

BEVERLY HISTORICAL SOCIETY

Financial Statements

For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

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INDEPENDENT ACCOUNTANTS' REPORT

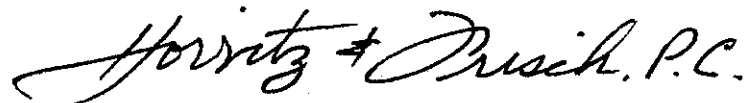
To the Board of Trustees of
Beverly Historical Society

We have audited the accompanying statement of financial position of Beverly Historical Society (a nonprofit Massachusetts corporation) as of September 30, 2012 and the related statements of activities, functional expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beverly Historical Society as of September 30, 2012 and its changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended September 30, 2011, were reviewed by us, and based on our review, we were not aware of any material modifications that should be made to the 2011 financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.



Horvitz & Frisch, P.C.

February 6, 2013

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BEVERLY HISTORICAL SOCIETY
 Statements of Financial Position
 For the Years Ended September 30, 2012 and 2011

	<u>Audited</u> 2012	<u>Reviewed</u> 2011
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 20,439	\$ 30,229
Interest and Dividends Receivable	1,582	2,474
Unconditional Promise to Give	2,862	-
Rent Receivable	-	400
Grant Receivable	-	5,000
Prepaid Expenses	1,804	1,804
Inventory	9,804	12,422
Total Current Assets	36,491	52,329
Land, Buildings and Equipment – Net	1,646,325	1,656,913
Other Assets:		
Investments	1,011,776	874,969
Uninvested Cash	-	35,427
Total Other Assets	1,011,776	910,396
Total Assets	\$ 2,694,592	\$ 2,619,638
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 11,070	\$ 7,987
Deferred Revenue	-	5,000
Security Deposit	850	800
Total Current Liabilities	11,920	13,787
Net Assets:		
Unrestricted:		
Operating	878,366	776,402
Net Investment in Land, Buildings and Equipment	1,646,325	1,656,913
Total Unrestricted	2,524,691	2,433,315
Temporarily Restricted	20,783	35,338
Permanently Restricted	137,198	137,198
Total Net Assets	2,682,672	2,605,851
Total Liabilities and Net Assets	\$ 2,694,592	\$ 2,619,638

See Independent Accountants' Report and Accompanying Notes to Financial Statements

BEVERLY HISTORICAL SOCIETY
Statement of Activities
For the Year Ended September 30, 2012 (Audited)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support:				
Operating:				
Contributions	\$ 70,664	\$ 7,244	\$ -	\$ 77,908
Grants	9,456	-	-	9,456
Memberships	26,680	-	-	26,680
Miscellaneous Income	14,329	-	-	14,329
Rental Income	10,517	-	-	10,517
Special Events	35,300	-	-	35,300
Collections Income	6,244	-	-	6,244
Gift Shop	7,072	-	-	7,072
Admissions	1,723	-	-	1,723
Total Revenues and Support - Operating	<u>181,985</u>	<u>7,244</u>	<u>-</u>	<u>189,229</u>
Other:				
Interest and Dividends	31,898	-	-	31,898
Net Realized and Unrealized Gains(Losses) on Investments	<u>136,412</u>	<u>-</u>	<u>-</u>	<u>136,412</u>
Total Revenues and Support - Other	<u>168,310</u>	<u>-</u>	<u>-</u>	<u>168,310</u>
Net Assets Released from Restrictions	<u>21,799</u>	<u>(21,799)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>372,094</u>	<u>(14,555)</u>	<u>-</u>	<u>357,539</u>
Expenses:				
Program Services:				
Buildings and Collections	165,588	-	-	165,588
Gift Shop	4,343	-	-	4,343
Total Program Services	<u>169,931</u>	<u>-</u>	<u>-</u>	<u>169,931</u>
Support Services:				
Management and General	78,316	-	-	78,316
Fundraising	32,471	-	-	32,471
Total Support Services	<u>110,787</u>	<u>-</u>	<u>-</u>	<u>110,787</u>
Total Expenses	<u>280,718</u>	<u>-</u>	<u>-</u>	<u>280,718</u>
Change in Net Assets	<u>\$ 91,376</u>	<u>\$ (14,555)</u>	<u>\$ -</u>	<u>\$ 76,821</u>

See Independent Accountants' Report and Accompanying Notes to Financial Statements

BEVERLY HISTORICAL SOCIETY
Statement of Activities
For the Year Ended September 30, 2011 (Reviewed)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support:				
Operating:				
Contributions	\$ 81,720	\$ 24,940	\$ -	\$ 106,660
Grants	2,378	-	-	2,378
Memberships	29,950	-	-	29,950
Miscellaneous Income	6,680	-	-	6,680
Rental Income	8,029	-	-	8,029
Special Events	30,900	-	-	30,900
Collections Income	3,170	-	-	3,170
Gift Shop	8,853	-	-	8,853
Admissions	1,709	-	-	1,709
Total Revenues and Support - Operating	173,389	24,940	-	198,329
Other:				
Interest and Dividends	29,837	-	-	29,837
Net Realized an Unrealized Gains(Losses) on Investments	(22,279)	-	-	(22,279)
Total Revenues and Support - Other	7,558	-	-	7,558
Net Assets Released from Restrictions	27,734	(27,734)	-	-
Total Revenues and Support	208,681	(2,794)	-	205,887
Expenses:				
Program Services:				
Buildings and Collections	170,208	-	-	170,208
Gift Shop	4,402	-	-	4,402
Total Program Services	174,610	-	-	174,610
Support Services:				
Management and General	76,112	-	-	76,112
Fundraising	30,980	-	-	30,980
Total Support Services	107,092	-	-	107,092
Total Expenses	281,702	-	-	281,702
Change in Net Assets	\$ (73,021)	\$ (2,794)	\$ -	\$ (75,815)

See Independent Accountants' Report and Accompanying Notes to Financial Statements

BEVERLY HISTORICAL SOCIETY
Statement of Functional Expenses
For the Year Ended September 30, 2012 (Audited)

	Program	Management and General	Fundraising	Total
Director Compensation	\$ 20,241	\$ 26,988	\$ 20,241	\$ 67,470
Other Salaries & Wages	55,952	7,488	-	63,440
Employee Benefits	3,552	2,920	2,189	8,661
Payroll Taxes	8,771	3,969	2,330	15,070
Total Payroll Related Expenses	88,516	41,365	24,760	154,641
Occupancy	21,990	2,341	-	24,331
Accounting	-	6,700	-	6,700
Bank Service Charges	-	1,243	-	1,243
Communications	-	2,744	-	2,744
Conservation and Education	2,581	-	-	2,581
Development Expenses	-	364	-	364
Dues & Expenses	2,150	-	-	2,150
Exhibits	638	-	-	638
Grant Related	24,192	-	-	24,192
Insurance	8,315	2,772	-	11,087
Investment Fees	-	7,996	-	7,996
Program Related	4,155	-	-	4,155
Marketing	-	30	-	30
Miscellaneous	797	-	-	797
Newsletter	1,948	-	-	1,948
Office Related	-	5,479	-	5,479
Payroll Service Fee	-	1,204	-	1,204
Postage	-	2,929	-	2,929
Professional Development	2,365	-	-	2,365
Special Events	-	-	7,711	7,711
Volunteer Related	-	502	-	502
Depreciation	7,941	2,647	-	10,588
Total Buildings and Collections	165,588	78,316	32,471	276,375
Gift Shop	4,343	-	-	4,343
Total Expenses	\$ 169,931	\$ 78,316	\$ 32,471	\$ 280,718

See Independent Accountants' Report and Accompanying Notes to Financial Statements

BEVERLY HISTORICAL SOCIETY
Statement of Functional Expenses
For the Year Ended September 30, 2011 (Reviewed)

	Program	Management and General	Fundraising	Total
Director Compensation	\$ 19,101	\$ 25,468	\$ 19,101	\$ 63,670
Other Salaries & Wages	51,759	5,688	-	57,447
Employee Benefits	3,597	2,788	2,090	8,475
Payroll Taxes	8,317	3,658	2,242	14,217
Total Payroll Related Expenses	82,774	37,602	23,433	143,809
Occupancy	37,598	2,373	-	39,971
Accounting	-	11,390	-	11,390
Bank Service Charges	-	1,547	-	1,547
Communications	-	2,114	-	2,114
Conservation and Education	718	-	-	718
Development Expenses	-	1,017	-	1,017
Dues & Expenses	2,042	-	-	2,042
Exhibits	55	-	-	55
Grant Related	26,221	-	-	26,221
Insurance	8,267	2,756	-	11,023
Investment Fees	-	7,242	-	7,242
Marketing	-	539	-	539
Miscellaneous	-	35	-	35
Newsletter	1,920	-	-	1,920
Office Related	-	3,695	-	3,695
Payroll Service Fee	-	407	-	407
Postage	-	2,248	-	2,248
Printing	-	30	-	30
Professional Development	1,906	-	-	1,906
Special Events	-	-	7,547	7,547
Volunteer Related	-	215	-	215
Depreciation	8,707	2,902	-	11,609
Total Buildings and Collections	170,208	76,112	30,980	277,300
Gift Shop	4,402	-	-	4,402
Total Expenses	\$ 174,610	\$ 76,112	\$ 30,980	\$ 281,702

See Independent Accountants' Report and Accompanying Notes to Financial Statements

BEVERLY HISTORICAL SOCIETY
Statement of Changes in Net Assets
For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets, September 30, 2010	\$ 2,506,336	\$ 38,132	\$ 137,198	\$ 2,681,666
Change in Net Assets	<u>(73,021)</u>	<u>(2,794)</u>	<u>-</u>	<u>(75,815)</u>
Net Assets, September 30, 2011	2,433,315	35,338	137,198	2,605,851
Change in Net Assets	<u>91,376</u>	<u>(14,555)</u>	<u>-</u>	<u>76,821</u>
Net Assets, September 30, 2012	<u>\$ 2,524,691</u>	<u>\$ 20,783</u>	<u>\$ 137,198</u>	<u>\$ 2,682,672</u>

See Independent Accountants' Report and Accompanying Notes to Financial Statements

BEVERLY HISTORICAL SOCIETY

Statements of Cash Flows

For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 76,821	\$ (75,815)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	10,588	11,609
Net-Realized and Unrealized (Gain) Loss on Investments	(136,412)	22,279
Decrease in Uninvested Cash	35,427	56,218
(Increase) Decrease In:		
Interest and Dividends Receivable	892	(20)
Rent Receivable	400	(400)
Promises to Give	(2,863)	-
Grant Receivable	5,000	(5,000)
Prepaid Expenses	-	26
Inventory	2,618	2,748
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	3,083	(13,718)
Deferred Revenue	(5,000)	5,000
Security Deposit Held	50	800
Net Cash Provided (Used) By Operating Activities	<u>(9,396)</u>	<u>3,727</u>
 Cash Flows From Investing Activities:		
Proceeds From Sales and Maturities of Investments	196,637	42,071
Purchases of Investments	<u>(197,031)</u>	<u>(60,657)</u>
Net Cash (Used) By Investing Activities	<u>(394)</u>	<u>(18,586)</u>
Net (Decrease) in Cash and Cash Equivalents	(9,790)	(14,859)
Cash and Cash Equivalents, Beginning of Year	<u>30,229</u>	<u>45,088</u>
Cash and Cash Equivalents, End of Year	<u>\$ 20,439</u>	<u>\$ 30,229</u>

See Independent Accountants' Report and Accompanying Notes to Financial Statements

BEVERLY HISTORICAL SOCIETY

Notes to Financial Statements

For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

1. Nature of Activities

Beverly Historical Society (the "Society"), was organized in 1891 in Beverly, Massachusetts. Its mission is to collect, preserve, interpret and disseminate Beverly's regional history. The Society collects and exhibits materials illustrative of such history at three historic buildings located in Beverly, Massachusetts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting. Income is recognized when earned and expenses are recognized when the obligation is incurred.

Use of Estimates

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

Cash and Cash Equivalents

Cash and Cash Equivalents include all highly liquid investments available for current use with an initial maturity of three months or less, other than the Society's money market account which holds its uninvested cash.

Cash and cash equivalents accounts at September 30 are as follows:

	2012	2011
Checking – People's United Bank	\$ 9,400	\$ 6,582
Certificate of Deposit - People's United Bank	-	5,142
Certificate of Deposit – Boston Private Bank & Trust Company	5,062	5,029
Checking - Beverly Cooperative Bank	5,127	12,676
Tenant Escrow	850	800
	<u>\$ 20,439</u>	<u>\$ 30,229</u>

The Society also maintains a money market account for its uninvested cash. The balance of the account at September 30, 2012 and 2011 was \$ - and \$35,427, respectively.

BEVERLY HISTORICAL SOCIETY
Notes to Financial Statements - Continued
For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

2. Summary of Significant Accounting Policies - Continued

Investments

The Society follows Topic 820 of the FASB accounting standards codification (ASC). Topic 820 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. Topic 820 established a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework under Topic 820 are as follows:

Level I: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level II: Inputs other than quoted prices that are unobservable.

Level III: Inputs that are unobservable.

An investment's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

The Society's management values other investments, which are publicly traded, using observable, or level I inputs – the quoted price in an active market.

Investing returns are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the current use of the income or net gains; and
- as increases in unrestricted net assets, in all other cases.

The Attorney General of Massachusetts has issued written guidance that all gains on permanently restricted endowment funds that have not been appropriated in accordance with the law should be classified as temporarily restricted net assets unless otherwise restricted by the donor.

BEVERLY HISTORICAL SOCIETY
Notes to Financial Statements - Continued
For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

2. Summary of Significant Accounting Policies - Continued

Investments - Continued

State law allows the Board of Trustees to appropriate to funds for current operations a percentage of net appreciation on permanently restricted net assets that is prudent considering the Society's long and short term needs, present and anticipated financial requirements, expected total return on the investments, price level trends, and general economic conditions. The Society's policy allows it to appropriate all investment returns on permanently restricted net assets to fund current operations while maintaining the original contribution as a permanently restricted net asset.

Inventory

Inventory consists of gift shop items and books and is stated at the lower of cost (first-in, first-out) or market.

Land, Buildings and Equipment

Land and buildings that are considered historic treasures are reported at a value established by a professional appraisal performed on May 30, 1986. No depreciation is taken on these assets. Improvements to the land and buildings, and expenditures for equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The Society capitalizes all expenditures for land, buildings and equipment in excess of \$500.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Merchandise sales from the Museum store and receipts from admissions are recorded at the time of sale.

Gifts in-kind are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Contributions of cash that must be used to acquire land, buildings or equipment are reported as restricted support. In

BEVERLY HISTORICAL SOCIETY
Notes to Financial Statements - Continued
For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

2. Summary of Significant Accounting Policies - Continued

Contributions - Continued

the absence of donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the acquired assets are placed in service as instructed by the donor. The Society reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Donated services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Society. The Society generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Society in carrying out its activities, which are not recognized as contributions in the financial statements.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded as net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The amount due at September 30, 2012 is \$2,863, all due within one year.

Collections

Collection items acquired through purchases and contributions are not capitalized. Purchases of collection items are recorded as decreases in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted net assets if purchased with donor-restricted assets. Contributions of collection items are not recognized in the Statement of Activities. Proceeds from de-accessions or insurance recoveries are reflected on the Statement of Activities based on the absence or existence and nature of donor-imposed restrictions. Proceeds from the sale of collections or insurance recoveries are required to be reinvested in other collection items.

Functional Allocation of Expenses

The costs of providing the Society's various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

BEVERLY HISTORICAL SOCIETY
Notes to Financial Statements - Continued
For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

2. Summary of Significant Accounting Policies - Continued

Financial Statements Presentation

Net assets, support and revenue, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Assets subject to board designated restrictions are considered unrestricted under these reporting standards.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Society and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on retained investments for general or specific purposes.

Income Tax Status

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

3. Advertising Costs

Advertising costs are expensed as incurred and amounted to \$30 and \$539 for the years ended September 30, 2012 and 2011, respectively.

4. Grant Receivable

During the year ended September 30, 2011, the Society received a two-year grant payable in two equal installments of \$5,000 for a total of \$10,000. The first installment of \$5,000 was received during the year ended September 30, 2011. The second installment was paid during the year ended September 30, 2012. See Note 7.

BEVERLY HISTORICAL SOCIETY

Notes to Financial Statements - Continued

For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

5. Investments

Investments consist of the following at September 30:

2012			
	Cost	Fair Value	Cumulative Unrealized Gains (Losses)
U.S. Government	\$ 101,934	\$ 104,897	\$ 2,963
Corporate Bonds	196,229	201,212	4,983
Mutual Funds	175,053	230,028	54,975
Common Stocks	245,041	475,639	230,598
	<u>\$ 718,257</u>	<u>\$ 1,011,776</u>	<u>\$ 293,519</u>

2011			
	Cost	Fair Value	Cumulative Unrealized Gains (Losses)
U.S. Government	\$ 102,562	\$ 106,275	\$ 3,713
Corporate Bonds	85,515	87,133	1,618
Mutual Funds	249,302	268,132	18,830
Common Stocks	264,943	413,429	148,486
	<u>\$ 702,322</u>	<u>\$ 874,969</u>	<u>\$ 172,647</u>

All of the Society's investments are measured using Level 1 inputs (Note 2). There were no investments measured using Level 2 and Level 3 inputs. There were no transfers between categories and no changes in valuation methods during the years ended September 30, 2012 and 2011.

Investment income for the years ended September 30, 2012 and 2011 consists of the following:

	2012	2011
Interest and Dividend Income	\$ 31,898	29,837
Net Realized and Unrealized Gains(Losses)	136,412	(22,279)
	<u>\$ 168,310</u>	<u>7,558</u>

BEVERLY HISTORICAL SOCIETY

Notes to Financial Statements - Continued

For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

6. Land, Buildings and Equipment

Land, buildings and equipment consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Land and Buildings of Historical Significance	\$ 1,338,000	\$ 1,338,000
Building Improvements	416,861	416,861
Equipment	<u>28,526</u>	<u>28,526</u>
	1,783,387	1,783,387
Less Accumulated Depreciation	<u>137,062</u>	<u>126,474</u>
	<u>\$ 1,646,325</u>	<u>\$ 1,656,913</u>

Depreciation expense for the years ended September 30, 2012 and 2011 amounted to \$10,588 and \$11,609, respectively.

7. Deferred Revenue

The deferred portion of a grant received during the year ended September 30, 2011 was recognized upon its receipt during the year ended September 30, 2012. See Note 4.

8. Concentration of Credit Risk

The Society's portfolio of common stocks, mutual funds and corporate bonds has a fair market value of \$906,879 at September 30, 2012, representing approximately 33% of its total assets. The fair market value of these investments is not federally insured and is subject to fluctuation.

From October 1, 2012 through December 31, 2012, the Society incurred unrealized losses of approximately 2% in its investment portfolio due to market decreases.

9. Concentration of Contributions

The Society received approximately 10% of its total revenues and support from one donor during the year ended September 30, 2012. The Society received approximately 35% of its total revenues and support from two donors during the year ended September 30, 2011.

BEVERLY HISTORICAL SOCIETY

Notes to Financial Statements - Continued

For the Years Ended September 30, 2012 (Audited) and 2011 (Reviewed)

10. Restricted Net Assets

Temporarily restricted net assets consisted of the following at September 30:

	2012	2011
Walker Fund	\$ 7,015	\$ 6,715
Collections and Acquisitions	8,314	4,651
Building Fund	40	40
Sickley Balch House	1,095	1,545
Loring Archivist Grant	4,319	22,387
	<u>\$ 20,783</u>	<u>\$ 35,338</u>

Permanently restricted net assets consisted of the following at September 30:

	2012	2011
Balch House Fund	\$ 45,028	\$ 45,028
Combined Fund A	11,663	11,663
Massachusetts Historical Commission Endowment	11,000	11,000
Beverly Historical Development Fund	6,000	6,000
G.A.R. Fund	6,000	6,000
A.N. Clark Fund	5,000	5,000
Charles Galloupe Fund	5,000	5,000
Charles K. Dodge Fund	47,507	47,507
	<u>\$ 137,198</u>	<u>\$ 137,198</u>

Interest and dividend income from certain permanently restricted net assets above are restricted to maintenance and preservation of historical buildings, collections and the library. In 2012 and 2011, earned income was classified as unrestricted since the restriction was met in the same year the income was received.

11. Employee Benefit Plans

The Society provides a tax-sheltered annuity program for eligible employees under Internal Revenue Code Section 403(b). The Society will match employee contributions up to 5% of the employee's salary. An employee becomes eligible after working an average of at least eighteen hours per week for at least one year. Employer contributions amounted to \$2,871 and \$2,705 for the years ended September 30, 2012 and 2011, respectively.

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12. Operating Lease Commitments

The Society owns two properties which are leased to tenants under varying terms. One house is leased under a tenant at will agreement for \$150 per month. The second house is under a one year lease which expires August 2013. Rent under this agreement is \$850 per month. The future minimum rental income at September 30, 2012 amounts to \$9,500, all due within one year.

13. Tax Positions and Filings

The Society follows Topic 740 of the FASB Accounting Standards Codification (ASC) relating to accounting for uncertainty in income taxes. As required by this topic, management of the Society has evaluated its tax positions, applying a "More Likely Than Not" standard, and believes that there would be no material changes to the results of its operations or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Society has filed all of its known required returns in a timely manner after giving effect to extensions. Accordingly, management believes the three prior tax years, following administrative practice of the taxing authorities, remain open years and subject to review.

14. Subsequent Events

The Society did not have any subsequent events through February 6, 2013, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended September 30, 2012.