

CONSOLIDATED FINANCIAL STATEMENTS

**AMERICAN INSTITUTE FOR CONSERVATION OF
HISTORIC AND ARTISTIC WORKS, INC. DBA
AMERICAN INSTITUTE FOR CONSERVATION,
AND AFFILIATE**

**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
ARTISTIC WORKS, INC. DBA AMERICAN INSTITUTE FOR
CONSERVATION, AND AFFILIATE**

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Institute for Conservation of Historic and Artistic Works, Inc.
DBA American Institute for Conservation, and Affiliate
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of the American Institute for Conservation of Historic and Artistic Works, Inc. DBA American Institute for Conservation, and Affiliate, Foundation for Advancement in Conservation (collectively referred to as AIC), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the American Institute for Conservation of Historic and Artistic Works, Inc. DBA American Institute for Conservation, and Affiliate as of December 31, 2023, and the consolidated change in its net assets and its consolidated 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of AIC 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 Consolidated Financial Statements

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

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

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AIC'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AIC'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.

Report on Summarized Comparative Information

We have previously audited AIC's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on page 26, the Consolidating Schedule of Activities on page 27 and the Consolidating Schedule of Change in Net Assets on page 28 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2024, on our consideration of AIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AIC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AIC's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

June 3, 2024

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
ARTISTIC WORKS, INC. DBA AMERICAN INSTITUTE FOR
CONSERVATION, AND AFFILIATE**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 190,277	\$ 221,294
Short-term investments	590,607	666,955
Accounts receivable	22,828	23,432
Grants and contributions receivable	614,784	745,676
Inventory, net	14,975	19,570
Prepaid expenses	<u>63,313</u>	<u>98,729</u>
Total current assets	<u>1,496,784</u>	<u>1,775,656</u>
PROPERTY AND EQUIPMENT, NET	<u>35,525</u>	<u>45,973</u>
OTHER ASSETS		
Right-of-use assets, net	721,828	869,116
Grants and contributions receivable, net	14,466	116,217
Investments	6,223,141	5,783,997
Deposits	<u>11,317</u>	<u>11,317</u>
Total other assets	<u>6,970,752</u>	<u>6,780,647</u>
TOTAL ASSETS	<u>\$ 8,503,061</u>	<u>\$ 8,602,276</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 191,755	\$ 202,827
Deferred revenue	348,810	314,409
Operating lease liabilities	<u>163,750</u>	<u>155,740</u>
Total current liabilities	<u>704,315</u>	<u>672,976</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net	<u>691,837</u>	<u>855,587</u>
Total liabilities	<u>1,396,152</u>	<u>1,528,563</u>
NET ASSETS		
Without donor restrictions	972,476	1,310,763
With donor restrictions	<u>6,134,433</u>	<u>5,762,950</u>
Total net assets	<u>7,106,909</u>	<u>7,073,713</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,503,061</u>	<u>\$ 8,602,276</u>

See accompanying notes to consolidated financial statements.

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
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**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 1,800,870	\$ 381,396	\$ 2,182,266	\$ 1,753,514
Annual meeting	411,507	-	411,507	586,274
Net investment return	305,116	691,254	996,370	(1,145,605)
Publications, advertising and other	93,861	-	93,861	103,674
Membership dues	475,528	-	475,528	496,392
Specialty group revenue	149,625	-	149,625	154,717
Workshop income	26,332	40,450	66,782	87,524
Other revenue	5,449	-	5,449	-
Net assets released from donor restrictions	<u>741,617</u>	<u>(741,617)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,009,905</u>	<u>371,483</u>	<u>4,381,388</u>	<u>2,036,490</u>
EXPENSES				
Program Services:				
Meetings	539,293	-	539,293	553,279
Professional Development and Education	589,594	-	589,594	634,130
Outreach	1,597,933	-	1,597,933	1,078,771
Publications and Resources	306,231	-	306,231	325,382
Emergency Response	201,957	-	201,957	236,353
Specialty Groups	147,752	-	147,752	172,537
Committees and Other Programs	<u>56,537</u>	<u>-</u>	<u>56,537</u>	<u>47,604</u>
Total program services	<u>3,439,297</u>	<u>-</u>	<u>3,439,297</u>	<u>3,048,056</u>
Supporting Services:				
General and Administrative	678,725	-	678,725	479,943
Membership Maintenance	167,420	-	167,420	158,953
Fundraising	<u>62,750</u>	<u>-</u>	<u>62,750</u>	<u>38,987</u>
Total supporting services	<u>908,895</u>	<u>-</u>	<u>908,895</u>	<u>677,883</u>
Total expenses	<u>4,348,192</u>	<u>-</u>	<u>4,348,192</u>	<u>3,725,939</u>
Change in net assets	(338,287)	371,483	33,196	(1,689,449)
Net assets at beginning of year	<u>1,310,763</u>	<u>5,762,950</u>	<u>7,073,713</u>	<u>8,763,162</u>
NET ASSETS AT END OF YEAR	<u>\$ 972,476</u>	<u>\$ 6,134,433</u>	<u>\$ 7,106,909</u>	<u>\$ 7,073,713</u>

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
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**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023							
	Program Services							
	Meetings	Professional Development and Education	Outreach	Publications and Resources	Emergency Response	Specialty Groups	Committees and Other Programs	Total Program Services
Salaries and wages	\$ 118,373	\$ 64,383	\$ 174,161	\$ 75,236	\$ 66,951	\$ 11,699	\$ 31,006	\$ 541,809
Payroll taxes and benefits	23,017	12,886	34,825	14,758	13,445	2,207	5,902	107,040
Printing and production	779	759	3,411	3,500	1,910	4,314	1,384	16,057
Professional fees	8,562	53,687	1,107,931	101,844	24,420	5,977	4,647	1,307,068
Occupancy	23,764	18,761	50,915	12,473	6,994	-	-	112,907
Insurance	2,195	1,719	4,665	1,150	641	-	-	10,370
Depreciation and amortization	1,564	-	-	600	-	-	-	2,164
Telecommunications	56,886	21,324	41,607	10,228	6,438	1,192	317	137,992
Travel	25,432	93,356	56,588	2,608	37,044	18,366	1,900	235,294
Postage and shipping	1,288	1,183	611	7,000	48	172	210	10,512
Equipment rental and maintenance	1,165	920	2,496	611	343	-	-	5,535
Office supplies and expenses	5,786	2,610	487	-	14,825	-	1,183	24,891
Dues and subscriptions	3,099	15,276	7,218	-	6,150	9,302	670	41,715
Conferences and meetings	263,523	24,324	37,474	-	-	92,523	9,318	427,162
Cost of sales	-	-	-	4,596	-	-	-	4,596
Bank fees	1,344	1,088	2,954	710	406	-	-	6,502
Scholarships and grants	-	276,318	72,530	70,917	22,342	-	-	442,107
Miscellaneous	2,516	1,000	60	-	-	2,000	-	5,576
TOTAL	\$ 539,293	\$ 589,594	\$ 1,597,933	\$ 306,231	\$ 201,957	\$ 147,752	\$ 56,537	\$ 3,439,297

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023 (Continued)			2022		
	Supporting Services					
	General and Administrative	Membership Maintenance	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and wages	\$ 303,572	\$ 101,154	\$ 23,139	\$ 427,865	\$ 969,674	\$ 900,833
Payroll taxes and benefits	63,085	19,626	4,656	87,367	194,407	184,048
Printing and production	871	4,411	981	6,263	22,320	40,394
Professional fees	111,576	914	14,163	126,653	1,433,721	1,087,651
Occupancy	25,484	18,151	2,204	45,839	158,746	158,746
Insurance	2,341	1,677	202	4,220	14,590	12,917
Depreciation and amortization	7,089	1,195	-	8,284	10,448	6,742
Telecommunications	29,142	16,535	9,371	55,048	193,040	159,177
Travel	22,902	-	645	23,547	258,841	198,116
Postage and shipping	58	1,841	784	2,683	13,195	27,106
Equipment rental and maintenance	1,247	890	108	2,245	7,780	7,354
Office supplies and expenses	1,811	-	250	2,061	26,952	59,811
Dues and subscriptions	2,822	-	3,092	5,914	47,629	29,475
Conferences and meetings	13,507	-	462	13,969	441,131	444,230
Cost of sales	-	-	-	-	4,596	(5,512)
Bank fees	37,406	1,026	2,133	40,565	47,067	33,064
Scholarships and grants	-	-	-	-	442,107	356,413
Miscellaneous	55,812	-	560	56,372	61,948	25,374
TOTAL	\$ 678,725	\$ 167,420	\$ 62,750	\$ 908,895	\$ 4,348,192	\$ 3,725,939

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 33,196	\$ (1,689,449)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	10,448	6,742
Change in discount on grants and contributions receivable	1,001	(8,483)
Receipt of contributed securities and other assets	-	(2,021)
Proceeds from the sale of contributed securities	-	2,033
Net realized and unrealized (gain) loss on investments	(883,907)	1,214,679
Change in obsolescence reserve	(2,509)	-
Amortization of right-of-use assets	147,288	146,619
Decrease (increase) in:		
Accounts receivable	604	(2,006)
Grants and contributions receivable	231,642	409,007
Inventory	7,104	(5,510)
Prepaid expenses	35,416	2,736
(Decrease) increase in:		
Accounts payable and accrued expenses	(11,072)	18,501
Deferred revenue	34,401	(340,534)
Operating lease liabilities	<u>(155,740)</u>	<u>(134,169)</u>
Net cash used by operating activities	<u>(552,128)</u>	<u>(381,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(24,501)
Purchases of investments	(321,633)	(552,578)
Proceeds from sales of investments	<u>842,744</u>	<u>708,415</u>
Net cash provided by investing activities	<u>521,111</u>	<u>131,336</u>
Net decrease in cash and cash equivalents	(31,017)	(250,519)
Cash and cash equivalents at beginning of year	<u>221,294</u>	<u>471,813</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 190,277</u>	<u>\$ 221,294</u>
SCHEDULE OF NONCASH FINANCING TRANSACTIONS		
Right-of-Use Assets	<u>\$ -</u>	<u>\$ 1,015,735</u>
Operating Lease Liabilities for Right-of-Use Assets	<u>\$ -</u>	<u>\$ 1,145,182</u>

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

The American Institute for Conservation of Historic and Artistic Works, Inc. DBA American Institute for Conservation (AIC) is a not-for-profit organization, located in the District of Columbia. AIC is a national membership organization of conservation professionals that advances the practice and promotes the importance of the preservation of cultural heritage through research, publications and the exchange of knowledge as well as the establishment and upholding of professional standards. Cultural heritage is material that may be artistic, historic, scientific, religious or social and is an invaluable and irreplaceable legacy that must be preserved for future generations. AIC funds its activities primarily through membership dues, publications, and revenue from its annual meeting.

The Foundation for Advancement in Conservation (FAIC), formerly known as the Foundation of the American Institute for Conservation of Historic and Artistic Works, Inc. is a nonprofit organization located in the District of Columbia. FAIC is organized exclusively for education, scientific and charitable purposes, focusing on the importance of the preservation of cultural heritage. FAIC funds its activities primarily through grants and donations.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 AIC's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Basis of consolidation -

The consolidated financial statements include the account balances and transactions of AIC and FAIC. AIC and FAIC (collectively referred to as AIC) have been consolidated due to the essence of common control and economic interest as required under accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (continued)** - Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by AIC that are subject to the guidance in FASB ASC 326 are trade accounts receivable. AIC implemented the ASU on January 1, 2023, using a modified retrospective approach.

Cash and cash equivalents -

AIC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, AIC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. AIC's policy is to liquidate all gifts of investments as soon as possible after the gift.

The primary objective of AIC's short-term investments is to ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently. The primary objective of AIC's long-term investments is to preserve the purchasing power of the principal and to provide long-term operating reserves.

AIC classifies investments held as endowments, long-term reserves, and investment securities with a maturity of greater than one year as long-term investments in the accompanying Consolidated Statement of Financial Position. All other investments are considered available for current operations and are classified as short-term investments in the accompanying Consolidated Statement of Financial Position.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to publications, advertising and the annual meeting. Accounts receivable are at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. AIC did not have an allowance for credit losses for the year ended December 31, 2023.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Inventory -

Inventory consists of books and other publications held for sale. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation. AIC assesses inventory obsolescence annually and records a reserve for obsolete inventory when the projected future unit sales of a publication are expected to be less than the inventory held over a period of not less than five years. For the year ended December 31, 2023, the balance in inventory was \$14,975 net of an obsolescence reserve of \$52,544.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense during the year ended December 31, 2023 totaled \$10,448.

Income taxes -

AIC and FAIC are exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as organizations described in IRC Section 501(c)(3) and 501(c)(6) and are only subject to tax on unrelated business income, net of applicable deductions. FAIC is not a private foundation.

Revenue from contracts with customers -

AIC's membership dues, meetings and workshops are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met.

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
ARTISTIC WORKS, INC. DBA AMERICAN INSTITUTE FOR
CONSERVATION, AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue from contracts with customers (continued) -

AIC has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The transaction price is determined based on cost and/or sales price.

Membership dues includes general member benefits that are a series of distinct obligations. Membership dues revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted rates to conferences and meetings. However, these benefits are immaterial in comparison to the membership benefits provided and, as a result, they are included with the general member benefits.

Revenue received for meetings and workshops is recorded as revenue when the related event has occurred.

Publication and advertising revenue is recognized when the publication has been delivered.

Support from grants and contributions, including specialty group revenue and Federal awards -

AIC receives grants and contributions, including specialty group revenue and Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. AIC performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied.

Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, AIC had no refundable advances as of December 31, 2023.

In addition, AIC has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. AIC's unrecognized conditional contributions to be received in future years totaled \$1,390,614 as of December 31, 2023.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Use of estimates -

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as salaries and benefits).

Risks and uncertainties -

AIC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications included are primarily due to reclassifying accounts receivable from grants and contributions receivable. The reclassifications had no effect on the previously reported changes in net assets.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, AIC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market AIC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

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2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

Mutual Funds and Exchange-Traded Funds- Valued at the daily closing price as reported by the fund. Mutual and exchange-traded funds held by AIC are open-end funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. Mutual funds held by AIC are deemed to be actively traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2023</u>
Investments:				
Mutual funds	\$ 4,295,564	\$ -	\$ -	\$ 4,295,564
Exchange-traded funds	<u>2,518,184</u>	<u>-</u>	<u>-</u>	<u>2,518,184</u>
TOTAL INVESTMENTS	<u>\$ 6,813,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,813,748</u>

As of December 31, 2023, investments included \$4,886,142 in funds which were restricted by donors related to the endowments.

Net investment return consisted of the following for the year ended December 31, 2023:

Interest and dividends	\$ 134,046
Net realized and unrealized gain	883,907
External investment advisor fees	<u>(21,583)</u>
NET INVESTMENT RETURN	<u>\$ 996,370</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2023, contributors to AIC have made written promises to give totaling \$631,834. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 1.5% to 2%. Grants and contributions are due as follows as of December 31, 2023:

Less than one year	\$ 614,784
One to five years	<u>17,050</u>
Total	631,834
Less: Present value discount	<u>(2,584)</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 629,250</u>

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4. CONTRACT ASSETS AND CONTRACT LIABILITIES

Accounts receivable consisted of the following revenue streams as of December 31, 2023:

Publications, advertising and other	\$ 19,873
Annual meeting	<u>2,955</u>

TOTAL ACCOUNTS RECEIVABLE **\$ 22,828**

Accounts receivable consisted of the following revenue streams as of January 1, 2023:

Publications, advertising and other	\$ 21,363
Annual meeting	<u>2,069</u>

TOTAL ACCOUNTS RECEIVABLE **\$ 23,432**

Deferred revenue consisted of the following revenue streams as of December 31, 2023:

Membership dues	\$ 276,505
Annual meeting	67,380
Other	<u>4,925</u>

TOTAL DEFERRED REVENUE **\$ 348,810**

Deferred revenue consisted of the following revenue streams as of January 1, 2023:

Membership dues	\$ 262,978
Annual meeting	50,011
Other	<u>1,420</u>

TOTAL DEFERRED REVENUE **\$ 314,409**

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2023:

Furniture and equipment	\$ 200,707
Less: Accumulated depreciation and amortization	<u>(165,182)</u>

PROPERTY AND EQUIPMENT, NET **\$ 35,525**

6. LINE OF CREDIT

AIC maintains a line of credit agreement with a financial institution in the amount of \$100,000, which requires monthly payment of interest on the outstanding balance at the bank's prime rate plus 6.75%. The principal is payable on demand. There were no borrowings on the line of credit during the year ended December 31, 2023, and thus, no outstanding balance on the line of credit as of December 31, 2023.

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7. BOARD DESIGNATED NET ASSETS

As of December 31, 2023, a portion of the net assets without restrictions have been designated by the Board of Directors for the specialty groups which represent funds available for the use of the ten specialty membership groups of AIC. The funds are increased by specialty group dues revenue, publication sales and other income and decreased by specialty group expenditures. As of December 31, 2023, Board designated net assets totaled \$145,036.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2023:

Subject to expenditure for specified purpose:	
Professional Development	\$ 1,342,444
Cultural Heritage Fund	758,015
Kress Conservation Fellowship	322,404
Kress Publication Fellowship	149,672
Scholarships	169,037
Kress Travel Grant Annual Meeting	741
Holly Maxson Conservation (accumulated investment income)	58,489
Endowment to be invested in perpetuity	<u>3,333,631</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 6,134,433</u>

The following net assets with donor restrictions were released from donor restrictions during the year ended December 31, 2023 by incurring expenses which satisfied the restricted purposes specified by the donors:

Purpose restrictions satisfied:	
Kress Conservation Fellowship	\$ 230,000
Professional Development	191,188
Scholarships	19,372
Kress Travel Grant Annual Meeting	14,000
Kress Publication Fellowship	75,000
Outreach and Publications	15,817
Cultural Heritage Fund	88,000
Stout Non Endowment	11,197
C2CC Care IMLS Match	5,235
Getty Latin America Programs	68,859
Other Programs	1,385
Holly Maxson Conservation	<u>21,564</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 741,617</u>

9. LEASE COMMITMENTS

AIC follows FASB ASC 842 for leases. AIC has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. AIC has also elected to use a risk-free rate of 1.63% as the lease discount rate for all leases as allowed under FASB ASC 842.

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9. LEASE COMMITMENTS (Continued)

Operating Leases:

In January 2017, AIC entered into a new lease agreement for office space under the terms of a noncancelable lease which commenced in October 2017. The lease term is eleven years and requires monthly payments of \$11,317, with a 4% fixed annual escalation and pass through of increases in operating costs. The lease provides for abatement of the first month's rent during each of the first six years of the lease.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2023:

Year Ending December 31,

	\$	176,490
2024		180,491
2025		187,710
2026		195,219
2027		150,763
2028		<u>150,763</u>
		890,673
Less: Imputed interest		(35,086)
Less: Current portion		<u>(163,750)</u>
	\$	<u>691,837</u>

10. RETIREMENT PLAN

AIC maintains a defined contribution pension plan qualified under Section 401(k) of the IRC. All employees who have completed three months of service and have reached twenty-one years of age are eligible to participate in the Plan. Under the terms of the Plan, eligible employees may make contributions of up to 5% of their compensation, subject to Internal Revenue Service limitations. With the completion of twelve months of service, AIC will match employee contributions at 100% of the participant's contribution up to a maximum of 5% of each participant's annual compensation. Employer contributions vest over five years at a rate of 20% per year of service. Contributions to the Plan during the year ended December 31, 2023 totaled \$36,394, and are included in payroll taxes and benefits in the accompanying Consolidated Statement of Functional Expenses.

11. LIQUIDITY

Financial assets available for use for general expenditures were comprised of the following:

Cash and cash equivalents	\$	190,277
Investments		6,813,748
Accounts receivable		22,828
Grants and contributions receivable		629,250
Less: Donor-restricted funds		(6,134,433)
Less: Board designated funds		<u>(145,036)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR**

\$ 1,376,634

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11. LIQUIDITY (Continued)

AIC has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, AIC has Board designated net assets without donor restrictions that were established by the Board of Directors that may be drawn upon in the event of financial distress or an immediate liquidity need. In addition, AIC has a line of credit agreement (as further discussed in Note 6) which allows for additional access to resources.

12. CONTINGENCY

FAIC receives grants from the U.S. Department of State. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through 2023.

13. COMMITMENTS

AIC is committed under agreements for conference space through 2025. The total commitments under the agreements are not determinable as they depend upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date.

The amount of the cancellation penalties increases through the date of the event. It is also the normal practice of AIC to obtain event cancellation insurance.

14. ENDOWMENT

FAIC's endowments consists of six individual donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law -

FAIC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the STATE as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, FAIC classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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14. ENDOWMENT (Continued)

Interpretation of relevant law (continued) -

Additionally, in accordance with UPMIFA, FAIC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Return Objectives and Risk Parameters -

FAIC has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FAIC must hold in perpetuity or for a donor specified period(s) as well as Board designated funds. The endowment assets are invested in a conservative manner in mutual funds with the expectation to provide an average annual rate of return of CPI plus 5%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, FAIC 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). FAIC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

FAIC's Board of Directors have established a spending policy for the use of endowment assets of 5% of the fair value of the assets over a three year average period. In establishing this policy, the organization considered the long-term rate of return objectives of the endowments.

Accordingly, over the long-term, the organization expects the current spending policy to permit the preservation of the fair value of the original gift while accumulating capital appreciation to preserve the purchasing power of the endowment assets.

In some years, the actual spending for the purposes of the endowment may fall below the level determined under the spending policy. In these situations, only the amount actually spent is released from net assets with restrictions. Any cumulative excess of the amount determined under the spending policy over actual expenditures may be used in a future year to offset expenses in excess of the amount determined under the spending policy level in those years, subject to approval of the Board of Directors.

In addition, the Board of Directors may authorize a special release of accumulated earnings to fund expenditures consistent with the intent of the donor in situations where the spending policy resulted in accumulated investments earnings in excess of the amount needed to maintain the purchasing power of the original endowment.

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14. ENDOWMENT (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without restrictions. However, there were no funds with deficiencies as of December 31, 2023.

Endowment funds consisted of the following as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 3,333,631	\$ 3,333,631
Accumulated investment earnings	-	<u>1,552,511</u>	<u>1,552,511</u>
TOTAL ENDOWMENT FUNDS	\$ -	\$ <u>4,886,142</u>	\$ <u>4,886,142</u>

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 4,260,063	\$ 4,260,063
Net investment return	-	691,254	691,254
Contributions	-	100,000	100,000
Appropriation of endowment assets for expenditure	-	<u>(165,175)</u>	<u>(165,175)</u>
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ <u>4,886,142</u>	\$ <u>4,886,142</u>

15. PROGRAMS

Meetings

AIC's annual meeting includes formal presentations, demonstrations, and informal conversations on a variety of conservation topics, inviting discussion of philosophical and ethical issues, new techniques and materials, and recent discoveries that have grown out of conservation research. The meeting format encompasses lectures, exhibits of conservation-related products and services, workshops, and tours. In 2023, AIC's annual meeting was offered as an in-person meeting in Florida with virtual and recorded meeting components.

Professional Development and Education

The Foundation for Advancement in Conservation grants from a variety of Federal agencies and private foundations. National Endowment for the Humanities (NEH) grants have provided support for professional development workshops and scholarships since 2004. Getty Foundation grants have supported distance learning courses and, periodically, a Latin American Scholarship Program. Samuel H. Kress Foundation grants have supported international travel costs for conference speakers, a conservation Fellowship program for one-year post-graduate internships in advanced conservation, and an annual publications Fellowship.

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15. PROGRAMS (Continued)

Professional Development and Education (continued)

A 2019 grant from the Kress provided funds to enhance FAIC digital conservation resources. Endowments built by past Andrew W. Mellon Foundation (now the Mellon Foundation) grants support FAIC's professional development program and a series of collaborative workshops in photograph conservation, and a Mellon grant was provided for a five-year initiative to establish a photograph conservation department at the State Hermitage Museum in St. Petersburg, Russia. A 2017 grant from the Mellon Foundation was awarded to support growth capital. A cooperative agreement with the National Park Service, through the National Center for Preservation Technology and Training, funds preservation technology workshops, fellowships, and resources. National Endowment for the Arts grants in 2015 and 2019 supported workshops on the care of software-based artworks. FAIC also supports professional continuing education and attendance at AIC's annual meeting through scholarships from endowed funds as well as from FAIC Board-approved funds.

Outreach

Outreach to the Public

Public outreach focuses on providing information on conservation to non-conservators, such as those who are interested in conservation as a potential consumer/customer and those interested in preservation and conservation issues. Outreach to promote public understanding of art and historic artifacts conservation and its role in preserving our cultural heritage includes providing information about the care of collections through brochures, PowerPoint presentations, wikis, and information provided on the website.

AIC's Find a Professional resource, located on AIC's website, assists museums, libraries, and the general public in locating and selecting appropriate conservation services. AIC is active on its social media sites, which include Facebook, LinkedIn, Instagram, YouTube, and Twitter, where AIC hosts a public Ask a Conservator Day that reaches millions of national and international users. In addition, specially trained National Heritage Responders are available to assist following local or national disasters, and a 24-hour assistance phone line is maintained and answered by volunteer team members.

Outreach to Allied Professionals

AIC and FAIC work with allied professional organizations to promote the care of collections through articles, exhibits, lectures, courses, and webinars. AIC is an affiliated member of the American Alliance of Museums (AAM), College Art Association (CAA), and U.S. Committee of the Blue Shield (USCBS). FAIC hosts an exhibit booth at professional conferences, such as the Association for Preservation Technology (APT) and American Association for State and Local History (AASLH) and presents sessions at a variety of related professional conferences, including AASLH and APT.

AIC's website provides allied professionals with information about emergency response efforts, available grants, documents such as Defining the Conservator: Essential Competencies and Requisite Competencies for Conservation Technicians and Collections Care Specialists, and other information about conservation and AIC. The Preventive Care Network is charged specifically to provide preventive care programs and resources for allied professionals.

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15. PROGRAMS (Continued)

Outreach (continued)

Outreach to Allied Professionals (continued)

In 2014, 2016, 2019, and 2022, FAIC received funding from IMLS to manage the Connecting to Collections Care (C2C Care) Online Community, providing information and resources to the staff of collecting institutions. Cooperative agreements between IMLS and FAIC were awarded in 2016, with a new three-year agreement awarded in 2021, in support of the Collections Assessment for Preservation (CAP) program, providing building and conservation assessments for small to mid-sized museums. In 2015, FAIC became a member of the Coalition to Advance Learning in Archives, Libraries and Museums and is a member of the National Voluntary Organizations Assisting in Disaster (NVOAD). AIC was represented on the board of USCBS and was represented on the steering committee of the IMLS REALM project, focusing on the safe reopening of libraries and museums during the COVID pandemic.

Publications and Resources

AIC provides general and technical information on conservation issues, treatments, research, and organizational matters through the publication and distribution of a scholarly journal, newsletter, online directory, and other periodicals and publications. AIC also disseminates information about AIC and the field of conservation on its website, its online publications, in wikis, in online communities, and on its blog and social media sites.

FAIC maintains an online resource library and international discussion forum for conservation and preservation, Conservation Online (CoOL) and its Global Conservation Forum, as well as the Connecting to Collections Care and Heritage Emergency web resources. It also supports shared and crowd-sourced resources to advance collection storage and sustainability. Beginning in 2016, NEH funded the development of a free, online Life Cycle Assessment library and tool to help cultural heritage professionals make sustainable choices in material selection. The National Park Service, through the National Center for Preservation Technology and Training, supports technology advancements to the AIC Wiki, an open-access publication written and edited by experts in conservation, preservation, and imaging. NPS and IMLS also supported development of an app that can be used during emergencies to guide preparation, recovery, and mitigation of loss. AIC and FAIC periodically partner with members or allied organizations to publish books on topics of interest to the field of conservation and preservation.

Samuel H. Kress Foundation grants have supported the printing of books and publication fellowships to support the completion of manuscripts. The Mellon, Getty, and Kress Foundations have supported a planning project, titled Charting the Digital Landscape of the Conservation Profession.

A 2020 cooperative agreement with NEH supports the "Held in Trust" project, which assesses the position and needs of conservation in the U.S., and a 2022 supplement to that grant supports the development of climate resiliency resources for cultural heritage.

Emergency Response

NEH first supported the creation of a specially trained team of emergency responders in 2001 and, since that time, FAIC's emergency preparedness and response programming and the response team, the National Heritage Responders, have grown.

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15. PROGRAMS (Continued)

Emergency Response (continued)

The Kress Foundation provided emergency response funds in 2005, and IMLS provided grants for additional response training in 2006 and 2010. In 2010, NEH, IMLS, and NEA awarded grants to FAIC to support emergency response efforts in Haiti following its devastating earthquake, while, in 2013, the Mellon Foundation supported response efforts in New York following Hurricane Sandy. A major expansion of FAIC's Emergency Program took place in 2015. The Mellon Foundation provided capacity-building funds in support of emergency preparedness and response. NEH awarded a series of grants starting in 2014 for FAIC to administer the Alliance for Response program, a series of forums bringing together cultural heritage and emergency management professionals at the local level to encourage the creation of cooperative disaster networks. NEH also provided support for response efforts for cultural institutions affected by Hurricanes Harvey, Irma, and Maria in 2017, for Hurricane Florence in 2018, and for Flooding in Eastern Kentucky in 2022. A 2017 U.S. Department of Interior contract supported a tribal risk evaluation and planning program.

Specialty Groups

Conservators specialize in a broad range of materials, as reflected in the activities of AIC specialty groups, to which nearly all members belong. Additionally, about half of AIC's membership have identified themselves as conservators who work privately. A specialty group supporting the needs of private practitioners contributes to the organization.

The ten specialty group designations currently maintained by AIC are: Architecture, Book & Paper, Conservators in Private Practice, Electronic Media, Objects, Paintings, Photographic Materials, Research & Technical Studies, Textiles, and Wooden Artifacts. The specialty groups serve the field by facilitating communications among members through online communities and pages on AIC's website, providing a forum for current information at the annual meeting, publishing papers given at the annual meeting, and occasionally publishing books on topics relating to their area of specialty.

Committees and Other Programs

Committees

AIC maintains four standing committees: 1.) The Membership Committee reviews and approves applicants for the Professional Associate and Fellow classes of membership and promotes AIC membership in general. 2.) The Ethics and Standards Committee reviews instances of unethical or questionable conduct in relation to the AIC Code of Ethics, Guidelines for Practice, and the Commentaries to the Guidelines for Practice. These documents set forth the principles that guide conservation professionals and others who are involved in the care of cultural property. 3.) The Appeals Committee hears appeals of all actions of the AIC Board of Directors taken in response to the evidence provided by the Ethics and Standards Committee. 4.) The Nominating Committee presents a slate of candidates for the annual election of Directors and Officers of the AIC. Per a 2023 member-approved vote on updated Bylaws, the Appeals Committee is now ad hoc rather than a standing committee.

AIC has additional Board-approved committees that assist in the ongoing activities of the organization and these include: Audit, Awards, Communications, Education & Training, Emergency, Equity and Inclusion, Financial Advisory, Program (annual meeting general session program), and Sustainability.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

15. PROGRAMS (Continued)

Committees and Other Programs (continued)

Task Forces and Working Groups

AIC's Board of Directors periodically creates a task force or working group to research and make recommendations to the Board regarding particular issues. Task forces and working groups are given charges and a timeframe in which to complete their activities and recommendations. The Materials Working Group, Imaging Working Group, and Ethics Core Documents Review Task Force were active in 2023.

Networks

On November 4, 2011, AIC's Board of Directors approved a new program or division of AIC by creating the Preventive Collection Network (formerly Collection Care Network) and approving its charge. The Emerging Conservation Professionals Network, Health & Safety Network, Contemporary Art (Conservation) Network, and the Archaeological Heritage Network are the other approved AIC networks.

Networks address topics that are of interest across specialties and are designed to augment the work of specialty groups. Any AIC member can be a member of a network. A small additional fee may be charged for network membership.

16. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, AIC has evaluated events and transactions for potential recognition or disclosure through June 3, 2024, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
ARTISTIC WORKS, INC. DBA AMERICAN INSTITUTE FOR
CONSERVATION, AND AFFILIATE**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023**

ASSETS				
	<u>AIC</u>	<u>FAIC</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 79,237	\$ 111,040	\$ -	\$ 190,277
Short-term investments	590,607	-	-	590,607
Accounts receivable	22,828	-	-	22,828
Grants and contributions receivable	-	614,784	-	614,784
Due from affiliate	487,531	124,460	(611,991)	-
Inventory, net	10,629	4,346	-	14,975
Prepaid expenses	<u>55,119</u>	<u>8,194</u>	<u>-</u>	<u>63,313</u>
Total current assets	<u>1,245,951</u>	<u>862,824</u>	<u>(611,991)</u>	<u>1,496,784</u>
PROPERTY AND EQUIPMENT, NET	<u>35,525</u>	<u>-</u>	<u>-</u>	<u>35,525</u>
OTHER ASSETS				
Right-of-use assets, net	721,828	-	-	721,828
Grants and contributions receivable, net	-	14,466	-	14,466
Investments	-	6,223,141	-	6,223,141
Deposit	<u>11,317</u>	<u>-</u>	<u>-</u>	<u>11,317</u>
Total other assets	<u>733,145</u>	<u>6,237,607</u>	<u>-</u>	<u>6,970,752</u>
TOTAL ASSETS	<u>\$ 2,014,621</u>	<u>\$ 7,100,431</u>	<u>\$ (611,991)</u>	<u>\$ 8,503,061</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 112,445	\$ 79,310	\$ -	\$ 191,755
Deferred revenue	348,810	-	-	348,810
Due to affiliate	124,460	487,531	(611,991)	-
Operating lease liabilities	<u>163,750</u>	<u>-</u>	<u>-</u>	<u>163,750</u>
Total current liabilities	<u>749,465</u>	<u>566,841</u>	<u>(611,991)</u>	<u>704,315</u>
LONG-TERM LIABILITIES				
Operating lease liabilities, net	<u>691,837</u>	<u>-</u>	<u>-</u>	<u>691,837</u>
Total liabilities	<u>1,441,302</u>	<u>566,841</u>	<u>(611,991)</u>	<u>1,396,152</u>
NET ASSETS				
Without donor restrictions	573,319	399,157	-	972,476
With donor restrictions	<u>-</u>	<u>6,134,433</u>	<u>-</u>	<u>6,134,433</u>
Total net assets	<u>573,319</u>	<u>6,533,590</u>	<u>-</u>	<u>7,106,909</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,014,621</u>	<u>\$ 7,100,431</u>	<u>\$ (611,991)</u>	<u>\$ 8,503,061</u>

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
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**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>AIC</u>	<u>FAIC</u>	<u>Eliminations</u>	<u>Total</u>
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS				
Grants and contributions	\$ 9,963	\$ 1,815,007	\$ (24,100)	\$ 1,800,870
Annual meeting	411,507	-	-	411,507
Net investment return	83,102	222,014	-	305,116
Publications, advertising and other	81,376	12,485	-	93,861
Membership dues	475,528	-	-	475,528
Specialty group revenue	149,625	-	-	149,625
Workshop income	9,727	16,605	-	26,332
Other revenue	3,980	1,469	-	5,449
Net assets released from donor restrictions	<u>-</u>	<u>741,617</u>	<u>-</u>	<u>741,617</u>
Total revenue and support without donor restrictions	<u>1,224,808</u>	<u>2,809,197</u>	<u>(24,100)</u>	<u>4,009,905</u>
EXPENSES				
Program Services:				
Meetings	539,293	-	-	539,293
Professional Development and Education	-	589,594	-	589,594
Outreach	-	1,597,933	-	1,597,933
Publications and Resources	201,543	104,688	-	306,231
Emergency Response	-	201,957	-	201,957
Specialty Groups	171,852	-	(24,100)	147,752
Committees and Other Programs	<u>56,537</u>	<u>-</u>	<u>-</u>	<u>56,537</u>
Total program services	<u>969,225</u>	<u>2,494,172</u>	<u>(24,100)</u>	<u>3,439,297</u>
Supporting Services:				
General and Administrative	343,621	335,104	-	678,725
Membership Maintenance	167,420	-	-	167,420
Fundraising	<u>-</u>	<u>62,750</u>	<u>-</u>	<u>62,750</u>
Total supporting services	<u>511,041</u>	<u>397,854</u>	<u>-</u>	<u>908,895</u>
Total expenses	<u>1,480,266</u>	<u>2,892,026</u>	<u>(24,100)</u>	<u>4,348,192</u>
Change in net assets without donor restrictions	<u>(255,458)</u>	<u>(82,829)</u>	<u>-</u>	<u>(338,287)</u>
REVENUE AND SUPPORT WITH DONOR RESTRICTIONS				
Grants and contributions	-	381,396	-	381,396
Net investment return	-	691,254	-	691,254
Workshop income	-	40,450	-	40,450
Net assets released from donor restrictions	<u>-</u>	<u>(741,617)</u>	<u>-</u>	<u>(741,617)</u>
Change in net assets with donor restrictions	<u>-</u>	<u>371,483</u>	<u>-</u>	<u>371,483</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ (255,458)</u>	<u>\$ 288,654</u>	<u>\$ -</u>	<u>\$ 33,196</u>

**AMERICAN INSTITUTE FOR CONSERVATION OF HISTORIC AND
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**CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>AIC</u>	<u>FAIC</u>	<u>Eliminations</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net assets at beginning of year	\$ 828,777	\$ 481,986	\$ -	\$ 1,310,763
Change in net assets without donor restrictions	<u>(255,458)</u>	<u>(82,829)</u>	<u>-</u>	<u>(338,287)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 573,319</u>	<u>\$ 399,157</u>	<u>\$ -</u>	<u>\$ 972,476</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets at beginning of year	\$ -	\$ 5,762,950	\$ -	\$ 5,762,950
Change in net assets with donor restrictions	<u>-</u>	<u>371,483</u>	<u>-</u>	<u>371,483</u>
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	<u>\$ -</u>	<u>\$ 6,134,433</u>	<u>\$ -</u>	<u>\$ 6,134,433</u>
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 573,319</u>	<u>\$ 6,533,590</u>	<u>\$ -</u>	<u>\$ 7,106,909</u>