

Historical Society of Western Pennsylvania
Pittsburgh, Pennsylvania

Financial Statements
For the years ended June 30, 2025 and 2024

and Independent Auditor's Report Thereon



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Independent Auditor's Report

To the Board of Trustees
Historical Society of Western Pennsylvania
Pittsburgh, Pennsylvania, United States of America

Opinion

We have audited the financial statements of the Historical Society of Western Pennsylvania (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Historical Society of Western Pennsylvania as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Historical Society of Western Pennsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Schneider Downs & Co, Inc.

Pittsburgh, Pennsylvania
November 12, 2025

Historical Society of Western Pennsylvania

Statements of Financial Position

As of June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents		
Cash and cash equivalents	\$ 493,008	\$ 847,220
Restricted cash and cash equivalents, current	2,122,263	2,985,624
Receivables		
Grants and pledges receivable	7,522,993	2,396,559
Other receivables	160,733	195,113
Inventories	841,368	839,857
Prepaid expenses and other current assets	157,660	81,959
Total current assets	11,298,025	7,346,332
Property and equipment, net	37,246,882	38,059,342
Investments	38,594,853	29,329,126
Grants and pledges receivable, net of current	2,995,748	2,645,515
Total assets	\$ 90,135,508	\$ 77,380,315
Liabilities and net assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses		
Accounts payable	1,857,167	1,075,564
Accrued liabilities	312,499	248,497
Total Accounts payable and accrued liabilities	2,169,666	1,324,061
Line-of-credit	625,000	-
Current portion of long-term debt		
Note payable, current	1,392,857	1,392,857
Deferred revenue	433,769	403,053
Total current liabilities	4,621,292	3,119,971
Long-term debt		
Note payable, noncurrent	3,380,410	2,660,816
Charitable gift annuity	92,765	133,086
Total liabilities	8,094,467	5,913,873
Net assets		
Net assets with donor restrictions	47,166,751	34,516,327
Net assets without donor restrictions	34,874,290	36,950,115
Net assets	82,041,041	71,466,442
Total liabilities and net assets	\$ 90,135,508	\$ 77,380,315

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Statements of Activities For the years ended June 30, 2025 and 2024

	Without Donor Restriction 2025	With Donor Restriction 2025	2025	Without Donor Restriction 2024	With Donor Restriction 2024	2024
Support and revenues:						
Gifts and grants	\$ 3,149,509	\$ 9,272,561	\$ 12,422,070	\$ 8,043,497	\$ 8,486,932	\$ 16,530,429
Admissions	2,061,871	-	2,061,871	1,811,031	-	1,811,031
Membership dues	357,088	-	357,088	355,255	-	355,255
Event rentals and commissions	1,395,220	-	1,395,220	1,050,223	-	1,050,223
Government grants	994,387	-	994,387	-	-	-
Museum shop and café sales	1,521,779	-	1,521,779	1,501,697	-	1,501,697
Rental income	154,399	-	154,399	83,337	-	83,337
Resource revenue	239,935	-	239,935	236,044	-	236,044
In-kind contributions	557,906	-	557,906	756,011	-	756,011
Gross other revenues	424,619	3,620	428,239	331,984	-	331,984
Net investment return	130,965	-	130,965	141,295	-	141,295
Contributions for endowment						
Contribution revenue	-	6,518,226	6,518,226	-	555,024	555,024
Total revenue	10,987,678	15,794,407	26,782,085	14,310,374	9,041,956	23,352,330
Net assets released from restriction	7,046,186	(7,046,186)	-	6,910,801	(6,910,801)	-
Total revenue and gains	18,033,864	8,748,221	26,782,085	21,221,175	2,131,155	23,352,330
Expenses:						
Program services	12,039,917	-	12,039,917	11,671,214	-	11,671,214
Management and general	2,532,316	-	2,532,316	2,490,316	-	2,490,316
Fundraising	1,357,492	-	1,357,492	1,202,051	-	1,202,051
Total expenses	15,929,725	-	15,929,725	15,363,581	-	15,363,581

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Statements of Activities For the years ended June 30, 2025 and 2024

	Without Donor Restriction 2025	With Donor Restriction 2025	2025	Without Donor Restriction 2024	With Donor Restriction 2024	2024
Nonoperating activities:						
Investment return, net	-	3,902,203	3,902,203	-	3,838,857	3,838,857
(Loss) gain on sale of property and equipment	(4,179,964)	-	(4,179,964)	12,000	-	12,000
Transfer of net assets with donor restrictions	-	-	-	(933,725)	933,725	
Total nonoperating activities	(4,179,964)	3,902,203	(277,761)	(921,725)	4,772,582	3,850,857
Changes in net assets	\$ (2,075,825)	\$ 12,650,424	\$ 10,574,599	\$ 4,935,869	\$ 6,903,737	\$ 11,839,606

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Statements of Net Assets

For the years ended June 30, 2025 and 2024

	Without Donor Restriction	With Donor Restriction	Total Net Assets
Balance at June 30, 2023	\$ 32,013,911	\$ 27,612,589	\$ 59,626,500
Change in net assets	4,936,204	6,903,738	11,839,942
Balance at June 30, 2024	36,950,115	34,516,327	71,466,442
Change in net assets	(2,075,825)	12,650,424	10,574,599
Balance at June 30, 2025	\$ 34,874,290	\$ 47,166,751	\$ 82,041,041

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Statements of Functional Expenses
For the years ended June 30, 2025 and 2024

2025	History Center	Meadowcroft	Fort Pitt	Total	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 4,753,390	\$ 324,641	\$ 295,603	\$ 5,373,634	\$ 1,476,312	\$ 639,993	\$ 7,489,939
Occupancy	1,621,044	110,926	53,117	1,785,087	139,466	1,973	1,926,526
Programs, exhibits, and collections	1,729,951	34,741	106,129	1,870,821	220,553	624,217	2,715,591
Marketing	411,607	11,492	-	423,099	7,194	23	430,316
Professional fees and administration	256,245	3,665	10,236	270,146	302,356	86,184	658,686
Other fees	568,697	-	-	568,697	115,055	-	683,752
Equipment	24,739	1,790	3,027	29,556	271,380	5,102	306,038
Depreciation	1,579,956	135,132	3,789	1,718,877	-	-	1,718,877
Total	\$ 10,945,629	\$ 622,387	\$ 471,901	\$ 12,039,917	\$ 2,532,316	\$ 1,357,492	\$ 15,929,725

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Statements of Functional Expenses
For the years ended June 30, 2025 and 2024

2024	History Center	Meadowcroft	Fort Pitt	Total	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 4,474,697	\$ 285,176	\$ 283,425	\$ 5,043,298	\$ 1,412,900	\$ 524,583	\$ 6,980,781
Occupancy	1,681,425	61,637	54,085	1,797,147	129,654	20,074	1,946,875
Programs, exhibits, and collections	1,649,305	40,173	126,606	1,816,084	47,157	594,085	2,457,326
Marketing	543,809	54,037	-	597,846	2,321	-	600,167
Professional fees and administration	345,822	2,360	30,761	378,943	467,808	59,198	905,949
Other fees	383,059	-	-	383,059	3,370	-	386,429
Equipment	52,398	648	487	53,533	427,106	4,111	484,750
Depreciation	1,486,610	110,905	3,789	1,601,304	-	-	1,601,304
Total	\$ 10,617,125	\$ 554,936	\$ 499,153	\$ 11,671,214	\$ 2,490,316	\$ 1,202,051	\$ 15,363,581

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Statements of Cash Flows For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 10,574,599	\$ 11,839,606
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net investment (return)	(4,033,168)	(3,980,152)
Depreciation	1,718,877	1,601,304
Contributions to endowment	(6,518,226)	(555,024)
Proceeds from sales of donated stock for operations	42,768	28,587
Loss on sale of property	4,179,964	-
Discount on long term debt	253,993	(564,065)
(Increase) decrease in operating assets:		
Grants and pledges receivable	(5,476,667)	(4,220,437)
Prepaid expenses, other current assets and other receivables	(41,321)	29,548
Inventories	(1,511)	(115,157)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	845,605	523,489
Deferred revenue and gift annuity liability	(9,605)	387,047
Net cash provided by operating activities	1,535,308	4,974,746
Cash flows from investing activities		
Purchase of property and equipment	(5,086,380)	(6,368,616)
Proceeds from sale of investments	1,066,780	4,600,288
Purchase of investments	(6,474,569)	(570,546)
Net cash used in investing activities	(10,494,169)	(2,338,874)
Cash flows from financing activities		
Proceeds from the sale of contributed securities	132,461	287,086
Proceeds from draws on line of credit	625,000	-
Proceeds from contributions restricted for endowment	6,518,226	555,024
Payment of notes payable	(1,392,857)	(3,242,864)
Proceeds from notes payable	1,858,458	-
Net cash provided by (used in) financing activities	7,741,288	(2,400,754)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(1,217,573)	235,118
Cash, cash equivalents, and restricted cash at beginning of year	3,832,844	3,597,726
Cash, cash equivalents, and restricted cash at end of year	\$ 2,615,271	\$ 3,832,844

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	2025	2024
Supplemental cash flow information		
Cash paid during the year for		
Interest	\$ 399,396	\$ 152,000
Noncash investing and financing activities		
Property in long-term debt	\$ -	\$ 3,850,000

See accompanying notes to financial statements.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

1. Nature of Organization

The Historical Society of Western Pennsylvania (Organization), founded in 1879 and operating as the Senator John Heinz History Center, which includes the Detre Library and Archives and the Western Pennsylvania Sports Museum, the Fort Pitt Museum (Fort Pitt) and the Meadowcroft Rockshelter and Historic Village, is a Pennsylvania not-for-profit educational institution that engages and inspires large and diverse audiences through programs that enable links to the past, understanding in the present and guidance for the future by preserving regional history and presenting the American experience with a Western Pennsylvania connection. This work is accomplished in partnership with others through archaeology, archives, artifact collections, broadcast and electronic media, civic engagement, conservation, educational programs, exhibitions, events, library, museums, public outreach, performance, preservation, publications, products, research, technical assistance and virtual programs. In addition, the Organization is a strategic partner with the Smithsonian Institution as an affiliate member, a contractual relationship that enables the Organization to gain greater access to Smithsonian collections, exhibits and programs.

The Organization entered into a 10-year agreement with the Commonwealth of Pennsylvania effective April 22, 2010, whereby the Organization is responsible for the management and operations of Fort Pitt. In consideration for services provided by the Organization, the Organization has the right to retain all revenues generated from operation of Fort Pitt during the agreement's term. The agreement was extended during the 2020 fiscal year, and the Organization entered into a five-year agreement with similar terms during the 2021 fiscal year. The agreement automatically renews for successive five year periods unless terminated.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

b. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

c. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts.

The Organization maintains cash balances at U.S. banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for each institution. The Organization's cash balances at times exceeded federally insured limits.

Restricted cash consists of donor-designated funds that are to be utilized for specific projects or purposes.

d. Contributions, Pledges, and Gifts Receivable

Unconditional written promises to give (contributions, pledges, and gifts) are recognized as an asset and contribution revenue in the period received. Promises to give are recorded at net realizable value and are discounted at an appropriate rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions, pledges, and gifts. An allowance for uncollectible promises to give is estimated by the Organization based on factors such as an evaluation of the underlying grants and pledges and such other factors that, in the Organization's judgement, merit consideration in estimating doubtful accounts. At June 30, 2025 and 2024, no allowance was considered to be necessary. Conditional promises to give are recognized when the conditions on which they depend, which consist of both a barrier and a right of return or release, are met.

e. Investments

Investments are reported at fair value. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the statement of activities.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

Gains and losses on the sale of investments are determined using the specific identification method. Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or law. Dividend and interest income are accrued as earned. Income and net gains (losses) on investment of endowment funds are reported in the statement of activities as follows:

- As increases (decreases) in net assets without donor restrictions for Board-designated endowment funds;
- As increases (decreases) in net assets with donor restrictions if the terms of the gift that gave rise to the investment require that they be added to the principal of a permanent endowment fund; or
- As increases (decreases) in net assets without donor restrictions in all other cases.

f. Gift Annuity Liability

Split-interest agreements are annuity arrangements whereby the Organization has a remainder interest in the trusts. Beneficiaries designated by the donor receive distributions from the trusts over their lives. Assets are invested and distributions are made to beneficiaries and the Organization in accordance with the respective agreements. Liabilities under the split-interest agreements represent the present value of the estimated future distributions to beneficiaries over the terms of the agreements. Gains and losses associated with changes in the estimates of future distributions to beneficiaries are included in the statement of activities.

g. Inventories

Inventories consist of gift shop inventory and are stated at lower of cost or net realizable value. Inventories are adjusted for estimated excess and obsolete items based upon assumptions about future demand and market conditions when necessary.

h. Property and Equipment

Property and equipment is recorded at cost. Expenditures for additions, improvements, and other enhancements to property and equipment are capitalized, and minor replacements, maintenance, and repairs that do not extend asset life or add value are charged to expense as incurred. When property and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. Property and equipment is depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for the related assets range from five to 40 years. The Organization's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of the Organization's assets. The Organization periodically reviews and adjusts, as appropriate, the residual values and useful lives of its assets.

The Organization reports gifts of property and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

i. Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Trustees (the Board). Net assets without donor restrictions include net assets designated by the Board for specific purposes.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All net assets restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

j. Revenue Recognition

The Organization recognizes revenue when goods or services promised are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Organization satisfies a performance obligation, as further described below. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

The following significant revenue-generating transactions are within the scope of Accounting Standards Codification (ASC) 606, which are presented in the statement of activities:

Membership Dues - The Organization recognizes revenue in the year received.

Event Rentals and Commissions - The Organization rents portions of its facility for historic life events, corporate events and other functions. When food and beverages are provided by its outside caterer, a commission is paid to the Organization. Event rentals and commissions revenues are recorded in the period the services are rendered.

Admission Charges - The Organization recognizes revenue from admissions charges when a customer purchases admission to the museum. The price for admission to the museum varies based on the museum visited and the age of the customer.

Resource Revenue - The Organization entered into an agreement allowing gas well drilling on approximately 275 acres of property it owns in Washington County. As of June 30, 2025 and 2024, 177 acres are included in drilling plots, with royalties paid based on gas production of the wells. The History Center entered into another lease for 20 acres of property in Allegheny County on which the Organization was granted mineral and gas rights. Resource revenue is recorded when received.

Rental Income - A nine-story building on Penn Avenue provides museum-quality storage for the History Center's collections, as well as providing a source of rental income from similar institutions needing artifact storage. Rental income is recorded on a monthly basis over the terms of the rental agreements.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

k. Contributions and Grants

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants - Grants are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants are on a cost reimbursement basis and require the Organization to incur eligible expenses prior to the release of funds. Unexpended amounts received but not yet earned are reported as deferred grants.

The Organization applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with completion of the year ending June 30, 2025.

Contributed Nonfinancial Assets - Contributed nonfinancial assets are recorded at fair value at the date of donation. Contributions of services are reported as revenue only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. See Note 13 for additional disclosure.

l. Functional Allocation of Expenses

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statement of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include salaries and benefits, marketing and professional fees and administration, which are allocated on the basis of time and effort.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

m. Advertising Costs

Advertising costs are expensed the first time the advertising takes place. Advertising expense was \$450,759 and \$605,667 in 2025 and 2024, respectively.

n. Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated business income, and determine its filing and tax obligations in jurisdictions for which it has nexus. As of June 30, 2025 and 2024, the Organization believes that it has not generated any unrelated business taxable income.

The Organization recognizes the tax benefit from an uncertain tax position only if it is “more likely than not” that the tax position would be sustained on examination by the taxing authorities, based upon the technical merits of the position. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon examination. Interest and penalties related to unrecognized tax benefits are classified as income tax expense.

Generally, the Organization is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations by tax authorities for years before 2022.

o. Fair Value Measurements

The Organization measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

June 30, 2025 and and 2024

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three “levels” based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that the Organization has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such instruments.
- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3:** Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Organization must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

Historical Society of Western Pennsylvania

Notes to the Financial Statements

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The Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

p. Subsequent Events

The Organization's management evaluated events that occurred after June 30, 2025 through November 12, 2025, the date when the financial statements were available to be issued.

3. Liquidity and Availability of Resources

The Organization's financial assets available for general use at June 30, consist of the following:

	2025	2024
Financial assets available:		
Cash and cash equivalents	\$ 2,615,271	\$ 3,832,844
Grants and pledges receivable	7,522,993	2,396,559
Other receivables	160,733	195,113
Total financial assets available	10,298,997	6,424,516
Approved endowment income in support of operations	1,403,785	1,261,931
Less:		
Donor restricted cash	(2,122,263)	(2,985,624)
Donor-restricted grants and pledges receivable	(4,083,110)	(1,188,614)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,497,409	\$ 3,512,209

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The Organization is supported by contributions with and without donor restrictions. Since a donor's restriction requires resources to be used in a particular manner, or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. The Organization's working capital and cash flows fluctuate during the year due to timing of exhibits, admissions, contributions, memberships and event rentals. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due and match the seasonal variation in cash flows. The Organization also maintains a line of credit to assist with its cash needs, with \$3,375,000 available as of June 30, 2025.

The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes with the exception of the spending appropriation available for general use. Although the Organization does not intend to spend from the board-restricted endowment funds, amounts from these funds could be used for general expenditures with board approval. The Organization's endowment funds are subject to a board-elected spending rate between 2% and 7%. This percentage is applied to a 36-month average market value of the investments at the prior year-end as described in Note 10.

The Organization also has a board-designated endowment of \$1,269,663 and \$1,138,898 at June 30, 2025 and 2024, respectively (Note 10). While the Organization has no current intention to draw upon these funds, other than the planned annual appropriation as discussed above, amounts from the board-designated endowment could be made available, if necessary, after Board action.

4. Contributions, Pledges, and Gifts Receivable

Contributions, pledges, and gifts receivable consist of the following at June 30:

	2025	2024
Contributions, pledges, and gifts due within one year	\$ 7,522,993	\$ 2,396,559
Contributions, pledges, and gifts due in one to five years	3,634,163	3,205,822
Contributions, pledges, and gifts due in more than five years	89,947	75,515
Contributions, pledges, and gifts receivable, gross	11,247,103	5,677,896
Less discount to net present value	(728,362)	(635,822)
Contributions, pledges, and gifts receivable, net	\$ 10,518,741	\$ 5,042,074

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The discount rate used to measure the net present value was 4.50% and 5.50% at June 30, 2025 and 2024, respectively. Contributions, pledges, and gifts receivable from board members were \$2,090,987 and \$3,535,000 at June 30, 2025 and 2024, respectively.

5. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following is a description of the valuation methodologies and inputs used for assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis.

Debt Securities

Debt securities include U.S. government obligations, U.S. corporate obligations, international corporate obligations, and municipal and other obligations. Whenever available, the Organization obtains quoted prices in active markets for identical assets at the statement of financial position date to measure debt securities at fair value. Market price data is generally obtained from dealer markets.

When quoted prices are unavailable, the Organization uses market-accepted valuation methodologies, which may utilize matrix pricing, financial models, accompanying model inputs and various assumptions, to estimate the fair value of individual securities. The inputs used include, but are not limited to, market prices from completed transactions for identical securities and transactions for comparable securities, benchmark yields, interest rate yield curves, credit spreads, prepayment rates, default rates, recovery assumptions, currency rates, quoted prices for similar securities and other market-observable information, as applicable.

When sufficient market observable information is unavailable, fair value is determined based on discounted cash flow models using discount rates based on credit spreads, yields, or price levels of comparable securities, adjusted for illiquidity and structure.

Equity Securities

Whenever available, the Organization obtains quoted prices in active markets for identical assets at the statement of financial position date to measure equity securities with readily determinable fair values. Market price data is generally obtained from exchange or dealer markets.

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Other Investments

The Organization initially estimates the fair value of investments in certain equity trust/partnerships at the transaction price. Subsequently, these investments are measured using net asset value information provided by the general partner or manager of the investments, the financial statements of which are generally audited annually.

The valuation of the Organization's investments according to the fair value hierarchy as of June 30 is as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
June 30, 2025				
Cash and cash equivalents	\$ 1,480,216	\$ -	\$ -	\$ 1,480,216
Marketable equity securities	31,802,568	-	-	31,802,568
International equity securities	60,416	-	-	60,416
Mutual funds alternative investments	1,570,353	-	-	1,570,353
U.S. corporate obligations	-	908,965	-	908,965
International corporate obligations	-	243,544	-	243,544
U.S. government obligations	1,638,245	-	-	1,638,245
Municipal and other obligations	-	341,617	-	341,617
Equity trust/partnership	-	-	548,929	548,929
Total Investments At Fair Value	\$ 36,551,798	\$ 1,494,126	\$ 548,929	\$ 38,594,853
June 30, 2024				
Cash and cash equivalents	1,016,699	-	-	1,016,699
Marketable equity securities	24,901,920	-	-	24,901,920
International equity securities	112,972	-	-	112,972
U.S. corporate obligations	-	902,650	-	902,650
International corporate obligations	-	182,528	-	182,528
U.S. government obligations	1,631,023	-	-	1,631,023
Municipal and other obligations	-	273,107	-	273,107
Equity trust/partnership	-	-	308,227	308,227
Total Investments At Fair Value	\$ 27,662,614	\$ 1,358,285	\$ 308,227	\$ 29,329,126

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Changes in Level 3 Recurring Fair Value Measurements

The following table presents selected information regarding Level 3 assets and liabilities measured at fair value on a recurring basis during the years ended June 30:

	Equity trust/partnership
2025	
Purchases	\$ 186,720
2024	
Purchases	\$ 27,500

6. Property and Equipment

The historical costs of the Organization's property and equipment and related accumulated depreciation balances at June 30 were as follows:

	2025	2024
Buildings and improvements	\$ 68,542,646	\$ 68,532,977
Furniture, fixtures and equipment	6,371,001	6,181,316
Vehicles	50,956	50,956
Less accumulated depreciation and amortization	(39,870,793)	(38,585,692)
	35,093,810	36,179,557
Construction in progress	2,153,072	1,879,785
	\$ 37,246,882	\$ 38,059,342

7. Art Objects and Library Collections

The value of the art objects in the permanent collection, and the holdings of the libraries, are excluded from the statement of financial position. Additions to the permanent collection are made either by gifts, bequests, or through purchases using the Organization's acquisition funds. The Organization's acquisition funds may be classified as donor-restricted to be maintained perpetually, for which only the income earned on principal balances may be used for acquisitions; donor-restricted by time or purpose, for which both the principal and earned income may be used for acquisitions; or without donor restrictions, representing funds designated by the Board to be used for acquisitions.

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Proceeds from deaccessions or insurance recoveries are reflected as increases in the statements of activities and changes in net assets with donor restrictions and are used for the acquisition of collections. All works of art and certain library collections are held for public exhibition, education, or research; are protected, kept unencumbered, cared for, and preserved; and are subject to strict organizational policies governing their use. The value of the Organization's permanent collection is not subject to reasonable estimation. Therefore, they are not included in the statement of financial position.

8. Debt

Current Debt

Current debt consists of the following at June 30:

	2025	2024
Line-of-credit, current	\$ 625,000	\$ -
Note payable, current	1,392,857	1,392,857
Total current debt	\$ 2,017,857	\$ 1,392,857

Long-Term Debt

Long-term debt consists of the following at June 30:

	2025	2024
Secured mortgage note payable to a bank, due September 1, 2026, with monthly interest payments due at the Wall Street Journal Prime Rate (effective interest rates of 8.50% and 7.50% in 2025), secured by substantially all assets of the Organization. Principal is due at the maturity of the note payable.	\$ 1,858,458	\$ -
Note payable to bank, due November 15, 2026, monthly payment of \$24,400 plus interest payable monthly at the Bloomberg Short-Term Bank Yield Index (BSBY) 4.61% plus 2.25% (effective interest rates of 6.86% and 7.64% in 2025 and 2024, respectively), secured by any and all revenues and substantially all assets of the Organization.	414,881	707,738

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	2025	2024
Secured mortgage note payable, non-interest-bearing, due December 6, 2027, semi-annual payments of \$550,000 (less unamortized discount of \$310,072 in 2025, and \$564,065 in 2024 — imputed effective rate approximately 8.25%). The interest rate has been calculated based on the market rate for similar debt instruments.	2,750,000	3,850,000
Loan payable, non-interest-bearing, with an economic development agency for physical improvements to the facade of a building. Principal payments on the loan agreement are deferred and no interest is charged or accrued until such time as the building is sold or transferred. The loan is secured by a third-lien position perfected security interest in the building.	60,000	60,000
Total long-term debt	5,083,339	4,617,738
Less unamortized debt issuance costs	(310,072)	(564,065)
Less current maturities	(1,392,857)	(1,392,857)
Net long-term debt	\$ 3,380,410	\$ 2,660,816

The aggregate amounts of principal maturities and sinking fund requirements of long-term debt outstanding at June 30, 2025 are as follows:

Fiscal Year Ending June 30	Future Payments
2026	\$ 2,017,857
2027	3,080,482
2028	550,000
Thereafter	60,000
Total long-term debt	\$ 5,708,339

Line of Credit

The Organization has a \$4,000,000 revolving line of credit with a bank for its working capital needs expiring on February 27, 2026. The line is collateralized by any and all revenues and substantially all assets of the Organization. Interest under this line of credit is charged at BSBY (4.82% at June 30, 2025) plus 2.00% and is payable monthly. There were were outstanding borrowings of \$625,000 and \$-0- under this line of credit at June 30, 2025 and 2024, respectively.

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9. Government Programs

The Employee Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the CARES Act and further amended by the Consolidated Appropriations Act and the American Rescue Plan Act. The ERC provided qualifying employers up to \$5,000 of credit for each employee based on certain wages paid after March 12, 2020, and before January 1, 2021. Subsequent legislation increased the credit for each employee to \$7,000 per calendar quarter after December 31, 2020, through September 30, 2021. The Organization applied for approximately \$2,143,000 of ERCs. The Organization satisfied the barriers and conditions for recognition and received the funds during the year ended June 30, 2024 and recorded the governmental assistance revenue within gifts and grants without donor restrictions in the Organization's statement of activities. There was no such activity for the year ended June 30, 2025.

10. Endowment

The Organization's endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), which permits election of a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's donor-restricted investments as income each year. The long-term preservation of the real value of the assets must be taken into consideration when the Organization elects the amount. In accordance with Act 141, the spending rate elected must be between 2% and 7%. This percentage is applied to a 36-month average market value of the investments at the prior year-end. The Organization used a spending rate of 5.00% and 6.82% for the years ended June 30, 2025 and 2024, respectively. The Organization classifies as donor-restricted net assets the original value of gifts donated to be maintained in perpetuity. Earnings on these gifts are accumulated in net assets with donor restrictions. As required by Act 141, the Organization has adopted a written investment policy, of which a section specifically relates to the endowment fund.

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The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Protecting the corpus of the endowment fund.
- Preserving the spending power of the assets.
- Obtaining maximum investment return with reasonable risk and operational consideration.
- Complying with applicable laws.

Changes in endowment net assets for the years ended June 30 are as follows:

	Board Designated	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ 997,603	\$ 25,630,428	\$ 26,628,031
Investment return:			
Interest and dividends	18,808	510,996	529,804
Net appreciation, realized and unrealized	122,487	3,327,861	3,450,348
Total investment return	141,295	3,838,857	3,980,152
Contributions	-	555,024	555,024
Appropriation of endowment assets for expenditures	-	(1,212,612)	(1,212,612)
Appropriation of endowment assets for term loan repayment	-	(121,141)	(121,141)
Change in endowment net assets	141,295	3,060,128	3,201,423
Endowment net assets, June 30, 2024	1,138,898	28,690,556	29,829,454
Investment return:			
Interest and dividends	22,912	698,382	721,294
Net appreciation, realized and unrealized	107,853	3,203,821	3,311,674
Total investment return	130,765	3,902,203	4,032,968
Contributions	-	6,518,226	6,518,226
Appropriation of endowment assets for expenditures	-	(1,328,567)	(1,328,567)
Change in endowment net assets	130,765	9,091,862	9,222,627
Endowment net assets, June 30, 2025	\$ 1,269,663	\$ 37,782,418	\$ 39,052,081

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Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment while seeking to enhance the purchasing power of the fund's corpus by striving for long-term growth. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the Board, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization had a policy of appropriating for distribution each year no more than 5% of its endowment fund's average fair value over the prior 36 trailing quarters. In establishing this policy and Act 141, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. If additional appropriation is considered necessary, the action will be authorized by the Board and the allocation will be made from the quasi-endowed funds. Beginning in 2006, the board approved an additional 2% draw, when donor terms permit, for the specific purpose of repaying the term loan outstanding. The amount is recognized as net assets released from restrictions in the statements of activities. This practice occurs if such total incomes in the current year or accumulated in prior years are sufficient to allow the board-authorized distribution. When such gains are allocated for spending, the related net assets are released from restriction.

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From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by the law (underwater endowments). The Organization has interpreted Act 141 to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at June 30, 2025. At June 30, 2024, invested funds with original gift values of \$30,246,560, fair values of \$28,577,181 and deficiencies of \$1,669,379 were reported in net assets with donor restrictions.

The Organization believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2025	2024
Subject to expenditures for specified purpose:		
Research and educational programs	\$ 854,294	\$ 1,237,938
Infrastructure	8,530,039	4,587,833
Total net assets subject to expenditures for specified purpose	9,384,333	5,825,771
Subject to restriction in perpetuity:		
Endowment funds restricted in perpetuity*	37,782,418	28,690,556
Total net assets with donor restrictions	\$ 47,166,751	\$ 34,516,327

*Endowment funds including outstanding pledges receivable and assets restricted in perpetuity to investments, the income of which is generally expendable to support programs/exhibits/publications and/or general support of the Organization, the Hillman Gallery, Italian-American history and the From Slavery to Freedom Exhibit.

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The sources of net assets released from restrictions are as follows for the years ended June 30:

	2025	2024
Research and educational programs	\$ 1,368,019	\$ 2,235,759
Fort Pitt operations	6,142	272,024
Endowment funds	1,328,767	1,333,753
Infrastructure	4,343,258	3,069,265
Total net assets released from restrictions	\$ 7,046,186	\$ 6,910,801

12. Revenue from Contracts with Customers

Revenue reported on the statements of activities was derived from contracts with customers (i.e., membership support). The Organization includes admissions, memberships dues and other activities, such as event rentals and commissions, the Organization shop and café sales, rental income and resource revenue as revenue. Revenues from gifts and grants, endowment contributions and investment income are not derived from contracts with customers and do not qualify for inclusion under Topic 606.

Disaggregation of Revenue

The Organization generates revenue from individual contracts with members that includes membership fees. The provisions of Topic 606 are applied by the Organization on an individual contract basis. As a practical expedient, the Organization applies this Topic to a portfolio of contracts with similar characteristics for the membership fee revenue stream. The Organization expects that the effects of applying this guidance to the portfolios would not significantly differ from applying the guidance to the individual contracts within the portfolio, however the benefits of membership revenue are recognized over time as the benefits are consumed over time. Payments for membership fees are voluntary in nature and can be renewed annually at the request of the member.

Admissions revenue is presented separately on the statements of activities under its own caption and is derived from ticket sales upon admission to priced exhibits. Admissions revenue is recognized at a point in time because the customers simultaneously receive and consume the benefits provided by the Organization upon payment for admissions, which is when the Organization satisfies its performance obligation.

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Museum shop and café sales are presented separately on the statements of activities. These sales are recognized at a point in time and are derived from providing food and beverage sales in the café and Organization store goods.

Performance Obligations

A performance obligation is a promise in a contract with a customer to provide distinct goods or services. Performance obligations are the unit of accounting for determining when and how revenue is recognized. In substantially all of the Organization's contracts, the customer contracts to become a member, rent space, purchase admission, or purchase items in the museum shop/cafe. These promises are highly interrelated and interdependent, and cannot be transferred to the customer without the other promises in the contract being fulfilled. As such, these promises are not separately identifiable within the context of the contract, and therefore, are not distinct. Therefore, the entire contract is accounted for as one performance obligation. The standalone selling price per the contract, is the transaction price under the contract.

The Company generally satisfies a performance obligation once the following is met:

Membership Dues - The performance obligation is satisfied once payment is received.

Event Rentals and Commissions - The performance obligation is satisfied once services are provided by the Organization related to the rental.

Admissions - The performance obligation is satisfied once admission is granted to the museum.

Museum shop and cafe sales - The performance obligation is satisfied once products are exchanged.

Transaction Price Allocated to Remaining Performance Obligations

The Organization applies the practical expedient in Financial Accounting Standards Board (FASB) ASC 606-10-50-14 and, therefore, does not disclose further information about remaining performance obligations that have original expected durations of one year or less. There was revenue recognized during the years ended June 30, 2025 and 2024, respectively, from performance obligations that were satisfied or partially satisfied in prior periods. This includes membership revenue, since it is recognized over time and contracts span fiscal years.

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Significant Judgments

The timing and the satisfaction of performance obligations were determined through careful analysis of the timing of which control of goods or services are transferred to members/customers. All performance obligations are satisfied at a point in time, as customers simultaneously receive and consume the benefits provided by the Organization's performance upon payment.

13. Contributed Nonfinancial Assets

In 1991, the Organization executed a lease agreement with the Sports and Exhibition Authority for its primary facility. The lease was for an initial term of 25 years and provides for renewal options for three additional 25-year periods. The lease was renewed in September 2015 for another 25-year period commencing October 22, 2016. Rental payments under the lease agreement are \$1 per year. The Organization has recorded an in-kind contribution and rent expense of approximately \$324,000 for the years ended June 30, 2025 and 2024 for the lease. The Organization is responsible for all operating costs and repairs and maintenance, including taxes, assessments, water and sewer rents and all other governmental charges or levies.

Contributed nonfinancial assets recognized in the statement of activities are as follows:

	2025	2024
Rent	\$ 324,000	\$ 324,000
Advertising	181,000	382,000
Other	53,000	50,000
Total contributed nonfinancial assets	\$ 558,000	\$ 756,000

14. Defined Contribution Plan

The Organization sponsors a defined contribution plan for its employees in accordance with Section 403(b) of the IRC. The Organization matches up to 3% of eligible employees' compensation. Amounts charged to expense for the defined contribution plan totaled \$69,940 and \$97,852 for the years ended June 30, 2025 and 2024, respectively.

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15. Related Party Transactions

The Organization engages in transactions in the normal course of business with companies whose executives are members of the board. The Organization's conflict-of-interest policy requires that all potential conflicts be disclosed and that the interested person does not participate in the final decision and does not vote on this issue.

Certain members of the board have made unconditional promises to give to the Organization. (See Note 4.)

The Organization is one of 15 designated institutions named as beneficiaries of The Dietrich Foundation (Foundation) created by William S. Dietrich II pursuant to an Amended and Restated Declaration of Trust dated August 23, 2011. The Foundation is expected to make annual distributions that will be allocated among the prespecified supported organizations. As of June 30, 2025, the Organization's distribution share was approximately 1%. Distributions to the Organization have been recorded as gifts and grants with donor restrictions and held in the endowment fund. Distributions of approximately \$442,000 and \$454,000 were received in fiscal years 2025 and 2024, respectively.

16. Litigation

In the normal course of operations, the Organization becomes involved in legal matters and claims. While the Organization believes the ultimate outcome of such other matters and claims will not have a material adverse effect on the Organization's financial position, results of operations, or cash flows, the outcome of such matters and claims is not determinable with certainty, and negative outcomes may adversely affect the Organization.