

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

**AUDITED BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

(WITH AUDITOR'S REPORT THEREON)

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Branford Electric Railway Association, Inc.
East Haven, Connecticut

Opinion

We have audited the accompanying financial statements of Branford Electric Railway Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Branford Electric Railway Association, Inc. as of December 31, 2020 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 financial statements.



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Branford Electric Railway Association, Inc.'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 Branford Electric Railway Association, Inc.'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.

Gregg S. Bossen, CPA, PC
Atlanta, Georgia
November 1, 2021

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

<u>ASSETS</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
CURRENT ASSETS:			
Cash and Cash Equivalents	\$-0-	\$241,013	\$241,013
Grants Receivable	151,468	40,335	191,803
Pledges Receivable – Short-Term		43,500	43,500
Inventory	10,738		10,738
Prepaid Expenses	27,409		27,409
Due from Net Assets without Donor Restrictions		75,615	
Total Current Assets	189,615	400,463	514,463
LONG-TERM FIXED ASSETS:			
Long-Term Fixed Assets	2,526,778	48,128	2,574,906
Less: Accumulated Depreciation	(674,907)		(674,907)
Total Long-Term Fixed Assets, net	1,851,871	48,128	1,899,999
OTHER ASSETS:			
Pledges Receivable – Long-Term		40,000	40,000
Conn Co. East Haven, LLC Escrow Deposits	1,796		1,796
Total Other Assets	1,796	40,000	41,796
TOTAL ASSETS	\$2,043,282	\$488,591	\$2,456,258
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Due to Net Assets with Donor Restrictions	75,615		
Accounts Payables & Accrued Expenses	36,022		36,022
Line of Credit-Webster – current portion of interest	349		349
Mortgage Payable-Aspinall land, Current portion	2,868		2,868
Mortgage Payable-Conn Co. East Haven, LLC, Net of Debt Issuance Costs, Current portion	6,960		6,960
Total Current Liabilities	121,814	-0-	46,199
LONG-TERM LIABILITIES:			
Line of Credit-Webster-principal balance	90,000		90,000
Mortgage Payable-Aspinall land, Long-Term portion	51,942		51,942
Mortgage Payable-Conn Co. East Haven, LLC, Net of Debt Issuance Costs, Long-term portion	16,238		16,238
Small Business Administration Economic Injury Disaster Loan	150,000		150,000
Total Long-Term Liabilities	308,180	-0-	308,180
NET ASSETS:			
Net Assets Without Donor Restrictions	1,613,288		1,613,288
Net Assets With Donor Restrictions		488,591	488,591
Total Net Assets	1,613,288	488,591	2,101,879
TOTAL LIABILITIES AND NET ASSETS	\$2,043,282	\$488,591	\$2,456,258

See Auditor's Report and Notes to Financial Statements

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
PUBLIC SUPPORT & REVENUE:			
Public Support:			
Contributions – Individuals	\$164,273	\$85,523	\$249,796
Government Grants	99,135	40,335	139,470
In-Kind Contributions	8,067		8,067
Contributions - Foundations	1,856		1,856
Net Assets, Restrictions Met	<u>57,287</u>	<u>(57,287)</u>	
Total Public Support	<u>330,618</u>	<u>68,571</u>	<u>399,189</u>
Other Revenue:			
Admissions & Charters	66,928		66,928
Rental Income	44,664		44,664
Annual Membership Dues	35,230		35,230
Miscellaneous Income	20,560		20,560
Museum Sales, Net of Costs	5,583		5,583
Interest Income	<u>2,471</u>		<u>2,471</u>
Total Other Revenue	<u>175,436</u>	<u>-0-</u>	<u>175,436</u>
Total Public Support and Revenue	<u>506,054</u>	<u>68,571</u>	<u>574,625</u>
EXPENSES:			
Programs	440,027		440,027
Management & General	138,832		138,832
Fundraising	<u>42,903</u>		<u>42,903</u>
Total Expenses	<u>621,762</u>	<u>-0-</u>	<u>621,762</u>
CHANGE IN NET ASSETS	<u>(\$115,708)</u>	<u>\$68,571</u>	<u>(\$47,137)</u>

See Auditor's Report and Notes to Financial Statements

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>PROGRAMS</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries & Wages	\$74,997	\$45,217	\$13,897	\$134,111
Railway Cars - Restoration and Maintenance	\$75,608			\$75,608
Insurance	57,653	6,260		\$63,913
Supplies	51,630	7,716		\$59,346
Depreciation & Amortization	45,003	6,330		\$51,333
Utilities	40,706	1,441		\$42,147
Legal & Accounting		25,294		\$25,294
Contract Labor & Contracted Services	21,223	3,624	324	\$25,171
Building & Grounds - Repairs and Maintenance	22,577			\$22,577
Professional Fees			17,000	\$17,000
Equipment Rental	10,269	3,113		\$13,382
Railway & Track Expenses	12,798			\$12,798
Printing	3,640	161	8,420	\$12,221
Interest Expense		11,066		\$11,066
Payroll Tax Expense	5,841	3,547	1,043	\$10,431
Dues & Subscriptions	255	9,420	499	\$10,174
Bank Charges & Credit Card Fees	5,664	2,331	613	\$8,608
Licensing Fees	7,531			\$7,531
Telephone & Internet	1,570	5,743		\$7,313
Postage & Freight	659	2,778	436	\$3,873
Real Estate Taxes		3,610		\$3,610
Marketing & Promotion	1,903	698	621	\$3,222
Contributions	500			\$500
Miscellaneous		325		\$325
Travel		158	50	\$208
TOTAL EXPENSES	\$440,027	\$138,832	\$42,903	\$621,762

See Auditor's Report and Notes to Financial Statements

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
BALANCE, DECEMBER 31, 2019, BEFORE PRIOR PERIOD ADJUSTMENT	\$1,724,565	\$420,020	\$2,144,585
PRIOR PERIOD ADJUSTMENT	4,431	-0-	4,431
BALANCE, DECEMBER 31, 2019, AFTER PRIOR PERIOD ADJUSTMENT	1,728,996	-0-	2,149,016
CHANGE IN NET ASSETS	(115,708)	68,571	(47,137)
BALANCE, DECEMBER 31, 2020	\$1,613,288	\$488,591	\$2,101,879

See Auditor's Report and Notes to Financial Statements

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	(\$47,137)
Adjustments to reconcile (Loss) to net cash (used) by operating activities:	
Depreciation & Amortization	51,333
(Increase) in Receivables	(92,970)
Decrease in Inventory	6,549
Decrease in Prepaid Expenses	11,550
Decrease in Conn Co East Haven, LLC Escrow Deposits	12
(Decrease) in Payables and Accrued Expenses	(57,659)
(Decrease) in Conn Co East Haven, LLC Security Deposit	(1,400)
Net cash (used) by operating activities	<u>(129,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital Infrastructure Improvements	(48,128)
Net cash (used) by investing activities	<u>(48,128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Mortgage payments made for Conn Co East Haven, LLC	(6,586)
Mortgage payments made for Aspinall Land	(2,729)
Obtained monies from Wester Bank Line of Credit	73,623
Paid off Guilford Savings Bank Line of Credit	(99,521)
Obtained Small Business Administration Economic Injury Disaster Loan	150,000
Net cash provided by financing activities	<u>114,787</u>
NET CHANGE IN CASH	(63,063)
CASH AT BEGINNING OF YEAR	<u>304,076</u>
CASH AT END OF YEAR	<u>241,013</u>

See Auditor's Report and Notes to Financial Statements

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A)Nature of organization:

The Branford Electric Railway Association, Inc. (BERA) is a 501(c)3 charitable not-for-profit organization founded in 1945, to preserve the unique heritage of an endangered species -- the trolley car, and to preserve and operate the oldest continuously operated suburban trolley line in the United States -- The Branford Electric Railway -- which opened on July 31, 1900. The mission of the Branford Electric Railway Association, Inc. doing business as the Shore Line Trolley Museum is to share with a diverse audience the story of the trolley and related forms of public transportation in their historical context.

In 1983, the railway, along with the entire museum collection, was recognized as a National Historic District by the National Register of Historic Places. BERA is the organization behind the Shore Line Trolley Museum. For the year ended December 31, 2020, BERA operated the following programs:

(i)Curatorial & Exhibits:

BERA maintains several collections which preserve the history and heritage of the Trolley Era. BERA owns nearly 100 vintage transit vehicles. In addition, BERA's archives contain nearly 30,000 photographic images, over 4,000 books and documents, and about 1,000 small artifacts such as tokens, hat badges and ticket punches.

Some highlights of the collections are: 1 Line Car, 2 crane cars, shunter, Snow Plows Diesel Locomotive, and the donated PATH Car 745 which was buried during the 9/11/2001 attack. The pride of BERA's fleet is the CONN COMPANY "500". This car was used to transport the executives of the Conn Co all over the system and the furniture is original and equipped with a toilet. Also, in the collection are Open Cars that were used to transport people going to the Yale Bowl during Football season.

(ii)Repair & Restoration Shop:

BERA has an active program of repairing and refurbishing the antique equipment. 99% of the repairs and restoration are done in BERA's own shop. BERA has the necessary equipment to make the repairs and restorations from lathes, woodworking tools, sheet metal equipment to power and steam washers.

(iii)Trolley Car Rides and Tours

A standard public program includes a ride on BERA's historical railway on a trolley car, and a tour of some of BERA's collection stored in the car barns. For groups or individuals wishing to visit the museum separate from the general public, charters are available on a year-round basis.

BERA allows guests to take the controls and operate some of the vehicles in the collection on specified "Guest Operator" weekends, after receiving instruction from a qualified instructor. Rapid transit (subway and elevated) equipment is run in conjunction with the trolleys on designated "Rapid Transit" weekends.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(iv) Special Programmatic Events:

BERA has several special programmatic events held during the year. These events include an antique auto show each year, a Halloween pumpkin patch, and a haunted Halloween trolley ride to a haunted trail with the "Graveyard Express/Haunted Isle". Family events include visiting the Easter Bunny, Super Hero's Day, Christmas trolley rides with Santa, and nighttime Holiday Light trolley rides. Also, BERA has an annual open house for members only on "Members Day" where cars of the collection rarely seen often run.

(v) Reading Program & Home-School Program:

BERA's Reading program & Home-School program provides an opportunity for children 4 to 8 years of age to listen to a story in a real trolley car. The day begins with a trolley ride and is followed by a visit to our "Story Trolley" to listen to each week's children's story, read by one of our volunteer educators, followed by time to explore the other trolley cars on display. In addition to the reading program, each child will receive a snack.

(vi) Volunteer Program:

Since its inception in 1945, BERA has been a volunteer-driven organization. There are over 1,000 current members, many of whom are active volunteers in everything from running cars to restoring them to working on the tracks to tending the grounds. No professional training or previous experience is required; the museum's training department provides thorough, hands-on instruction. BERA offers the opportunity to volunteer to anyone over 18 years of age in the following areas: public operations (which includes the ability to learn to operate the trolley cars), car restoration, archives, buildings and grounds, track, line (power), signal, and exhibits.

(B) Basis of Presentation:

These financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These statements reflect application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under these standards, all contributions are immediately recognized as revenue as soon as pledged (or if not pledged when received) regardless of any restrictions on use placed by the contributor. The basic financial statements are then shown divided into two net asset groups. These are:

Without Donor Restrictions:

All assets who either have no imposed restrictions on use or whose restrictions have been met by December 31, 2020.

With Donor Restrictions:

All contributions by individuals, government, and foundations with restrictions on use that have not been met by December 31, 2020.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(C)Support and Revenues:

Government Grants:

Support from these sources is recognized in the accounting period in which the grants are pledged (or if not pledged, when received). Additionally, grants with conditions are not recognized until the conditions have been met.

Contributions – Foundations:

Support from these sources is recognized in the accounting period in which the grants are pledged (or if not pledged, when received). Additionally, contributions with conditions are not recognized until the conditions have been met.

Contributions -Individuals:

Revenue from this source is recognized in the accounting period during which the contribution is pledged (or if not pledged, when received). Additionally, contributions with conditions are not recognized until the conditions have been met.

Earned Revenue

Revenue from admissions & charters, rental income, annual membership dues, museum sales, net of costs are recognized in the accounting period during which the revenues are earned in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). See Note 1(I).

(D)Income Taxes:

Branford Electric Railway Association, Inc. is exempt from income taxes under Section 501 (c) (3) of the United States Internal Revenue Code. During the year ended December 31, 2020, Branford Electric Railway Association, Inc. had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

Branford Electric Railway Association, Inc. adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for Branford Electric Railway Association, Inc. Branford Electric Railway Association, Inc. is no longer subject to federal tax examinations if the statute of limitations has expired.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(E)Receivables:

Branford Electric Railway Association, Inc. has 2 kinds of receivables. The grants receivable consists of uncollected grant awards. The pledges receivable consists of pledged promises to give made by individuals. Branford Electric Railway Association, Inc. carries its receivables at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. Branford Electric Railway Association, Inc. uses the allowance method to determine uncollectible receivables. Also, Branford Electric Railway Association, Inc. uses the direct write-off method for its receivables which have been determined to be uncollectible. On a periodic basis, Branford Electric Railway Association, Inc. evaluates its receivables and establishes an allowance for doubtful accounts based on its past experience and current credit conditions. Based on management's evaluation of collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended December 31, 2020.

The receivables for Branford Electric Railway Association, Inc. are expected to be collected as follows as of December 31, 2020:

	<u>Grants</u> <u>Receivable</u>	<u>Pledges</u> <u>Receivable</u>	<u>Total</u>
Due within one year	\$191,803	\$43,500	\$235,303
Due in two to five years		40,000	40,000
Total Receivables	\$191,803	\$83,500	\$275,303

(F)Furniture and Equipment

Furniture and equipment acquired by purchase is stated at cost. Contributed property is recorded at fair market value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. A summary of furniture and equipment at December 31, 2020 is as follows:

Buildings	\$1,620,073
Land	553,841
Machinery and Equipment	240,054
Building Improvements	97,265
Capital Infrastructure Improvements	48,128
Furniture & Fixtures	8,483
Trailer	7,062
Less: Accumulated Depreciation	(674,907)
Total Long-Term Fixed Assets	\$1,899,999

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BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(G)Estimates:

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

(H)Concentration of Credit Risk:

Branford Electric Railway Association, Inc. maintains bank accounts with financial institutions whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Periodically, bank account balances may exceed FDIC coverage. No credit risk is expected from uninsured deposits.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) New Accounting Standard:

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

Additionally, effective January 1, 2020 the Organization adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, which introduces a new core principle that requires organizations to approach revenue recognition in a new way. The focus of ASC 606 is on the transfer of control and requires that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that they expect to be entitled to in exchange. ASC 606 provides a five-step framework for organizations to determine the amount and timing of revenue recognition:

- Identify the contract(s) with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization has earned revenue resulting from admissions & charters, rental income, annual membership dues, and museum sales, net of costs. For the year ended December 31, 2020, the earned revenue listed above has been recognized following the five-step framework detailed above.

After a detailed evaluation by the Organization, it was determined that the adoption of ASU 2018-08 and ASC 606 do not result in a materially different revenue recognition as compared to previous accounting standards.

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BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
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(J)Evaluation of Subsequent Events:

BERA's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of the public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the organization's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Act ("the Act") was enacted. The Act provided relief to small businesses through the creation of the Paycheck Protection Program ("PPP"). On February 8, 2021, Branford Electric Railway Association, Inc. obtained a 2nd PPP loan in the amount of \$26,462, all of which may be forgivable if certain criteria are met. The loan has a fixed interest rate of 1% and matures on February 8, 2023. Based on available guidance from the federal government at the time of this report, it is likely that this loan and all accrued interest will be forgiven during the next fiscal year.

Management considered all events through November 1, 2021, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Other than events mentioned in the preceding paragraphs, management is not aware of any significant events that occurred subsequent to December 31, 2020, but prior to the issuance of this report, that would have a material impact on the financial statements.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
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NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents Branford Electric Railway Association, Inc.'s financial assets at December 31, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$241,013
Grants receivable	191,803
Pledges receivable – Short-Term	43,500
Inventory	10,738
Prepaid expenses	<u>27,409</u>
Total financial assets	<u>514,463</u>
Less amounts not available to be used within one year or for projects outside of general operating activities:	
Net assets with donor restrictions – See Note 7	
Capital Infrastructure Improvements	(213,861)
Endowment	<u>(97,661)</u>
	<u>(311,522)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u><u>\$202,941</u></u>

Branford Electric Railway Association, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$110,000). As part of its liquidity plan, excess cash is invested in money market accounts. BERA does have a credit line with Webster bank with a credit limit of \$95,000 (See NOTE 4)

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
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NOTE 3: WHOLLY OWNED SUBSIDIARY - CONN. CO. EAST HAVEN, LIMITED LIABILITY COMPANY

In February 2004, the property adjacent to BERA located at 19 River Street, East Haven, Connecticut was purchased for future expansion purposes. A separate limited liability company named Conn. Co. East Haven, LLC was formed to hold title to the property and BERA is the sole member of the limited liability company.

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) the assets, liabilities, revenues and expenses of the limited liability company have been combined with the assets, liabilities, revenues and expenses of BERA. The assets and liabilities of the limited liability company are all without donor restrictions and detailed below.

<u>Assets</u>	
<u>Current Assets</u>	
Cash - Operating	\$10,377
Cash – Security Deposit Account	1,543
Total Current Assets	11,920
 <u>Property & Equipment</u>	
Land	40,000
Building	135,917
Building Improvements	4,397
Total Property & Equipment	180,314
Less Accumulated Depreciation	(83,880)
Property & Equipment, Net	96,434
 <u>Other Assets</u>	
Mortgage Escrow Deposits	1,796
Total Other Assets	1,796
Total Assets	\$110,150
 <u>Liabilities</u>	
<u>Current Liabilities</u>	
Mortgage Payable, Net of Debt Issuance Costs, Current portion	\$6,960
Total Current Liabilities	6,960
 <u>Long-Term Liabilities</u>	
Mortgage Payable, Net of Debt Issuance Costs, Long-term portion	16,238
Total Long-Term Liabilities	16,238
Total Liabilities	23,198
Net Assets	86,952
Total Liabilities and Net Assets	\$110,150

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NOTE 4: LINE OF CREDIT – WEBSTER BANK

In 2019, BERA was approved by the Webster Bank for a line of credit with a credit limit of \$95,000. The annual percentage interest adjusts in July of each year. At December 31, 2020, the percentage rate was 4.5%. Payments due monthly on the outstanding balance is interest only. On July 25, 2023, the principal balance is due or the credit line is renewed. For the year ended December 31, 2020, there is a balance of \$90,349 for the Line of Credit.

NOTE 5: MORTGAGE PAYABLES

(i)Mortgage Payable – Aspinall Land

On September 1, 2014, BERA entered into a mortgage for the Aspinall Land for \$70,000. The interest rate is a fixed rate of 5.00%. The monthly payment is \$461.97. The mortgage payable started on 9/1/2014 for a term of 240 months. For the year ended December 31, 2020, the Mortgage Payable – Aspinall Land is detailed below:

	<u>2020</u>
Total Mortgage Payable – Aspinall Land	\$54,810
Less: Current Portion	2,868
Total Note Payable, Long-Term Portion	\$51,942

Total future payments for the Mortgage Payable – Aspinall Land is as follows:

For the years ended:	
December 31, 2021	2,868
December 31, 2022	3,015
December 31, 2023	3,169
December 31, 2024	3,331
December 31, 2025	3,502
Thereafter	38,925
	\$54,810

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NOTE 5: MORTGAGE PAYABLES-(continued)

(ii)Mortgage Payable – Conn. Co. East Haven, LLC

In 2014, BERA entered into a mortgage with Guilford Savings Bank for \$63,000. The mortgage is secured by the real estate located at 19 River Street, East Haven, Connecticut. The interest rate is a fixed rate of 4.875%. The monthly payment is \$664.37. The term of the mortgage payable is 10 years with a maturity date of March 4, 2024. The mortgage is shown net of debt issuance costs of \$1,008. For the year ended December 31, 2020, the Mortgage Payable – Conn. Co. East Haven, LLC is detailed below:

	<u>2020</u>
Total Mortgage Payable – Conn. Co. East Haven, LLC, Net of Debt Issuance Costs	\$23,198
Less: Current Portion, Net of Debt Issuance Costs	<u>6,960</u>
Total Note Payable,	
Long-Term Portion, Net of Debt Issuance Costs	<u>\$16,238</u>

Total future payments for the Mortgage Payable – Conn. Co. East Haven, LLC, Net of Debt Issuance Costs is as follows:

For the years ended:	
December 31, 2021	6,960
December 31, 2022	7,307
December 31, 2023	7,672
December 31, 2024	<u>1,259</u>
Total future payments for the Mortgage Payable – Conn Co. East Haven, LLC.	<u>\$23,198</u>

In 2018, BERA retroactively adopted the requirements in ASU No. 2015-03 Interest-Imputation (Subtopic 835-10) simplifying the presentation of debt issuance costs to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. For 2020, the mortgage debt of \$24,206 was reduced by debt issuance costs of \$1,008. Amortization of the debt issuance cost of \$310 is reported on the statement of functional expenses.

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NOTE 6: SMALL BUSINESS ADMINISTRATION COVID RELIEF

(i)Economic Injury Disaster Loan Advance

On March 27, 2020, the Coronavirus Aid, Relief and Economic Act (“the Act”) was enacted. The Act provided relief to small businesses and nonprofit organizations through the creation of the Economic Injury Disaster Loan (EIDL) Advance. On April 28, 2020, Branford Electric Railway Association, Inc. received an \$8,000 EIDL Advance. According to governmental guidance, these funds do not need to be repaid and are shown as a part of the government grants on the Statement of Activities.

(ii)Paycheck Protection Program loan

On March 27, 2020, the Coronavirus Aid, Relief and Economic Act (“the Act”) was enacted. The Act provided relief to small businesses through the creation of the Paycheck Protection Program (“PPP”). On April 21, 2020, Branford Electric Railway Association, Inc. obtained a PPP loan in the amount of \$22,125 from the Small Business Administration (SBA). In 2021, Branford Electric Railway Association, Inc. received loan forgiveness from the SBA. Branford Electric Railway Association, Inc. used all the PPP funds to pay salaries and wages for the organization. The PPP funds of \$22,125 is shown as part of government grants on the Statement of Activities.

(iii)Economic Injury Disaster Loan – (30-Year)

On June 3, 2020 Branford Electric Railway Association, Inc. obtained an Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Administration in the amount of \$150,000. The loan has a fixed interest rate of 2.75% with payments of \$675.26 per month beginning 24 months from the date of the promissory note, June 3, 2022, and matures on June 3, 2050.

Total future payments of principal for the EIDL are as follows:

For the years ended:	
December 31, 2021	-0-
December 31, 2022	-0-
December 31, 2023	3,864
December 31, 2024	3,972
December 31, 2025	4,082
Thereafter	138,082
Total future payments for EIDL	<u>\$150,000</u>

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NOTE 7: DONOR RESTRICTIONS ON NET ASSETS:

The donor restrictions on net assets are available for the following purposes:

Vision 2020: Protect, Preserve, Progress Campaign for Infrastructure Renewal and Improvement, Protecting the Collection and Financial Stability	\$213,861
Railway Cars – Restoration and Maintenance	169,240
Endowment (See Note 8)	97,661
Curatorial	4,447
Technology	2,800
Building, Grounds, Shop & Physical Plant	384
Library	198
Total Donor Restrictions on Net Assets	\$488,591

NOTE 8: NET ASSETS WITH DONOR RESTRICTION - ENDOWMENT

As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (s) 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 directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence restricted by the Act. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

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NOTE 8: NET ASSETS WITH DONOR RESTRICTION – ENDOWMENT - continued

Endowment net assets include only donor-restricted net assets at December 31, 2020. There were no changes in the endowment net assets for the year ended December 31, 2020 are as follows:

Endowment net assets – beginning of year	<u>\$97,661</u>
Endowment net assets – end of year	<u>\$97,661</u>

As of December 31, 2020, BERA has not implemented policies for investment and appropriating for spending as the funds have not reached the level desired to begin investment planning and spending.

NOTE 9: IN-KIND CONTRIBUTIONS

The In-Kind Contributions revenue account consists of items contributed to BERA that can be recorded in the statement of activities under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and are detailed below:

Supplies	<u>\$8,067</u>
Total In-Kind Contributions	<u>\$8,067</u>

NOTE 10: PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2019, accounts payable was incorrectly overstated which resulted in an understatement of net assets. In accordance with Generally Accepted Accounting Principles, the prior period adjustment of \$4,431 is shown on the Statement of Changes in Net Assets as a Prior Period Adjustment.

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