

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

**AUDITED BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(WITH AUDITOR'S REPORT THEREON)

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
TABLE OF CONTENTS
DECEMBER 31, 2023

	<u>PAGE NO.</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8-22



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, 2023 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, 2023 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
August 6, 2024

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

<u>ASSETS</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
CURRENT ASSETS:			
Cash and Cash Equivalents	\$-0-	\$231,556	\$231,556
Grants Receivable	340,834		340,834
Pledges Receivable	466	14,000	14,466
Inventory	2,994		2,994
Prepaid Expenses	16,677		16,677
Due from Net Assets without Donor Restrictions		200,223	
Total Current Assets	360,971	445,779	606,527
LONG-TERM FIXED ASSETS:			
Long-Term Fixed Assets	2,322,406	224,171	2,546,577
Less: Accumulated Depreciation	(588,252)		(588,252)
Total Long-Term Fixed Assets, net	1,734,154	224,171	1,958,325
OTHER ASSETS:			
Right-of-Use Assets, net of amortization	3,829		3,829
Total Other Assets	3,829	-0-	3,829
TOTAL ASSETS	\$2,098,954	\$669,950	\$2,568,681
 <u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Due to Net Assets with Donor Restrictions	200,223		
Accounts Payables & Accrued Expenses	35,637		35,637
Line of Credit	95,604		95,604
Mortgage Payable-Aspinall land, Current portion	3,331		3,331
SBA Economic Injury Disaster Loan, Current Portion	9,355		9,355
Lease Liabilities – Current portion	1,636		1,636
Total Current Liabilities	345,786	-0-	145,563
LONG-TERM LIABILITIES:			
Mortgage Payable-Aspinall land, Long-Term portion	42,427		42,427
SBA Economic Injury Disaster Loan, Long-Term Portion	331,544		331,544
Lease Liabilities – Long-Term portion	2,193		2,193
Total Long-Term Liabilities	376,164	-0-	376,164
NET ASSETS:			
Net Assets Without Donor Restrictions	1,377,004		1,377,004
Net Assets With Donor Restrictions		669,950	669,950
Total Net Assets	1,377,004	669,950	2,046,954
TOTAL LIABILITIES AND NET ASSETS	\$2,098,954	\$669,950	\$2,568,681

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, 2023

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
PUBLIC SUPPORT & REVENUE:			
Public Support:			
Contributions - Individuals	\$109,554	\$41,111	\$150,665
Government Grants	106,127		106,127
Contributions – Foundations & Organizations	22,183	4,000	26,183
In-Kind Contributions	25,450		25,450
Net Assets, Restrictions Met	<u>51,302</u>	<u>(51,302)</u>	
Total Public Support	<u>314,616</u>	<u>(6,191)</u>	<u>308,425</u>
Other Revenue:			
Admissions & Charters	136,272		136,272
Rental Income	110,559		110,559
Annual Membership Dues	37,528		37,528
Museum Sales, Net of Costs	2,880		2,880
Library Passes	2,675		2,675
Miscellaneous Income	1,397		1,397
Interest Income	185		185
Total Other Revenue	<u>291,496</u>	<u>-0-</u>	<u>291,496</u>
Total Public Support and Revenue	<u>606,112</u>	<u>(6,191)</u>	<u>599,921</u>
EXPENSES:			
Programs	549,302		549,302
Management & General	212,781		212,781
Fundraising	27,081		27,081
Total Expenses	<u>789,164</u>	<u>-0-</u>	<u>789,164</u>
CHANGES IN NET ASSETS	<u>(\$183,052)</u>	<u>(\$6,191)</u>	<u>(\$189,243)</u>

See Auditor's Report and Notes to Financial Statements

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>PROGRAMS</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries & Wages	\$156,278	\$7,873	\$10,187	\$174,338
Railway Cars - Restoration and Maintenance	118,061			118,061
Legal & Accounting		74,915		74,915
Insurance		59,114		59,114
Depreciation & Amortization	46,356	6,453		52,809
Utilities	49,904	562		50,466
Building & Grounds - Repairs and Maintenance	46,136	2,845		48,981
Supplies	35,987	3,477		39,464
Interest Expense		22,695		22,695
Bank Charges & Credit Card Fees	16,106	1,619	564	18,289
Dues & Subscriptions	8,872	5,915	3,054	17,841
Postage & Freight	10,048	6,139		16,187
Payroll Taxes	14,096	710	919	15,725
Railway & Track Expenses	14,847			14,847
Marketing & Promotion	14,274	50		14,324
Professional Fees			12,000	12,000
Equipment Rental & Maintenance	3,805	4,306	52	8,163
Contract Labor & Contracted Services	6,750	936		7,686
Real Estate Taxes		6,446		6,446
Telephone & Internet		6,321		6,321
Printing	4,088	664	150	4,902
Fringe Benefits	2,381	120	155	2,656
Travel & Meetings	850	843		1,693
Miscellaneous		678		678
Licensing Fees	463	100		563
TOTAL EXPENSES	<u>\$549,302</u>	<u>\$212,781</u>	<u>\$27,081</u>	<u>\$789,164</u>

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, 2023

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
BALANCE, DECEMBER 31, 2022, BEFORE PRIOR PERIOD ADJUSTMENT	\$1,559,983	\$657,041	\$2,217,024
PRIOR PERIOD ADJUSTMENT	73	19,100	19,173
BALANCE, DECEMBER 31, 2022, AFTER PRIOR PERIOD ADJUSTMENT	1,560,056	676,141	2,236,197
CHANGES IN NET ASSETS	(183,052)	(6,191)	(189,243)
BALANCE, DECEMBER 31, 2023	<u>\$1,377,004</u>	<u>\$669,950</u>	<u>\$2,046,954</u>

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in Net Assets	(\$189,243)
Adjustments to reconcile Deficiency to net cash (used) by operating activities:	
Depreciation & Amortization	52,809
(Increase) in Receivables	(30,308)
Decrease in Inventory	7,167
Decrease in Prepaid Expenses & Other Assets	11,544
Decrease in Conn Co East Haven, LLC Escrow Deposits	1,940
Increase in Payables and Accrued Expenses	24,969
Net cash (used) by operating activities	(121,122)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital Infrastructure Improvements	(60,003)
Donation of Machinery & Equipment	(17,999)
Net cash (used) by investing activities	(78,002)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Mortgage payments made for Conn Co East Haven, LLC	(9,549)
Mortgage payments made for Aspinall Land	(3,169)
Payments made for Webster Bank Line of Credit	(10,071)
Principal Payments made for SBA Economic Injury Disaster Loan	(9,101)
Obtained monies from Webster Bank Line of Credit	95,604
Net cash provided by financing activities	63,714
NET CHANGE IN CASH	(135,410)
CASH AT BEGINNING OF YEAR	366,966
CASH AT END OF YEAR	231,556

See Auditor's Report and Notes to Financial Statements

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, BERA operated the following programs:

(i) Curatorial & Exhibits:

BERA maintains several collections which preserve the history and heritage of urban and suburban electric street rail. BERA owns 100 unique, antique vintage transit vehicles. In addition, BERA's archives contain over 100,000 photographic images, over 600 books and documents, and nearly 1,000 small artifacts such as tokens, hat badges, and ticket punches.

Some highlights of the collections include the oldest existing horse-drawn streetcar (Central Park, NYC ca 1851), a remote post office mail car, a cable car surviving the 1906 San Francisco earthquake, August Belmont's private subway car, one of only two subway cars surviving the Twin Towers attack on Sept 11, 2001, and a vast selection of one-of-a-kind antique and unique street cars from CT, NY, NJ, RI, and Canada.

(ii) Repair & Restoration Shop:

BERA has an active program of repairing and refurbishing 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, and sheet metal equipment to power and steam washers.

(iii) Trolley Car Rides & 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.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
-continued-

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 a fall festival "Pumpkin Patch," visits with Santa and the Easter Bunny, summer programs including a weekly Storytime hour, and various community fairs and events. The museum begins its summer program with "Museum in Motion" where a select number of specialized vehicles are placed on display and operate during the day. Also, BERA has an annual open house for members only on "Members Day" where cars of the collection, that are rarely seen or run, are seen and run that day. The museum also initiated a sensory-friendly program during the summer operating program.

(v) Education and Internships:

The museum has been affiliated with The Railroad Technology Program at Gateway Community College since 2012. This is the only program of its type in New England, and one of only a half dozen of these programs offered in the United States. The museum hosts the practical part of this curriculum where students receive certification in electromechanical, signal and communication, or track build and repair. The majority of the students graduating from this program have gone on to successful careers at Metro North, Amtrak, and CSX Railroad.

The museum also hosts college credit internships with Central CT State University, Southern CT State University, and the University of New Haven in curatorial and archive studies, and media and communications.

(vi) Volunteer Program:

Since its inception in 1945, BERA has been a volunteer-driven organization. There are over 700 current members, many of whom are active volunteers in operating cars, restoration, track and signal work, building maintenance, archive and curatorial maintenance, tour guides and docents, information technology, web design, and administration and clerical duties.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
-continued-

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

(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 that either have no imposed restrictions on use or whose restrictions have been met by December 31, 2023.

With Donor Restrictions:

All contributions by individuals, government, foundations and organizations with restrictions on use that have not been met by December 31, 2023. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the time and/or purpose of the restrictions, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

(C) Support and Revenues:

BERA recognizes the contributions and exchange transactions based on the FASB 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. Also, ASU 2018-08 clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional.

Additionally, effective January 1, 2020, BERA adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* and recognized exchange transactions following the five-step framework listed below which was used 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.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
-continued-

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

(C) Support and Revenues-continued:

The Support and Revenue for the Organization are as follows:

Contributions – Individuals:

Support from this source 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.

Government Grants (Contributions):

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 & Organizations:

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.

In-Kind Contributions:

Support from this source is recognized in the accounting period when the contribution is made.
(See Note 11)

Other Revenues (Exchange Transactions):

Admissions & Charters, Revenue from Rental Income, Annual Membership Dues, Museum Sales, Net of Costs, and Library Passes 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).

Interest Income:

Revenue from this source is recognized in the accounting period during which revenues are earned in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

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

(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, 2023, 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.

(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, 2023.

The receivables for Branford Electric Railway Association, Inc. are expected to be collected as follows as of December 31, 2023:

	<u>Grants</u>	<u>Pledges</u>	<u>Total</u>
	<u>Receivable</u>	<u>Receivable</u>	
Due within one year	\$340,834	\$14,466	\$355,300
Total Receivables	\$340,834	\$14,466	\$355,300

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

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

(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, 2023 is as follows:

Buildings	\$1,476,650
Land	553,841
Capital Infrastructure Improvements	224,171
Machinery and Equipment	203,979
Building Improvements	79,986
Furniture & Fixtures	7,950
Less: Accumulated Depreciation	<u>(588,252)</u>
Total Long-Term Fixed Assets	<u><u>\$1,958,325</u></u>

(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.

(I) Concentration of Major Source of Revenue:

BERA received \$106,127 from the Federal Emergency Management Agency for the year ended December 31, 2023, which is greater than 10% of its total public support and revenues of \$599,921.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

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

(J) Evaluation of Subsequent Events:

Management considered all events through August 8, 2024, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any significant events that occurred subsequent to December 31, 2023, but prior to the issuance of this report, that would have a material impact on the financial statements.

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following represents Branford Electric Railway Association, Inc.'s financial assets at December 31, 2023:

Financial assets at year-end:	
Cash and cash equivalents	\$231,556
Grants receivable	340,834
Pledges receivable	14,466
Inventory	2,994
Prepaid expenses	16,677
Less: Current Liabilities	<u>(145,563)</u>
Total financial assets, net of current liabilities	460,964
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 8:	
Capital Infrastructure Improvements	(354,253)
Endowment	<u>(97,661)</u>
	<u>(451,914)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u>\$9,050</u>

Branford Electric Railway Association, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$200,000). As part of its liquidity plan, excess cash is invested in money market accounts.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

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	\$9,143
Cash – Security Deposit Account	1,544
Prepaid Expenses and Other Assets	<u>453</u>
Total Current Assets	<u>11,140</u>
 <u>Property & Equipment</u>	
Land	40,000
Building	135,917
Building Improvements	<u>4,397</u>
Total Property & Equipment	180,314
Less Accumulated Depreciation	<u>(99,470)</u>
Property & Equipment, Net	<u>80,844</u>
 Total Assets	 <u>\$91,984</u>
 <u>Liabilities</u>	
Total Liabilities	<u>-0-</u>
Net Assets	<u>91,984</u>
Total Liabilities and Net Assets	<u>\$91,984</u>

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

NOTE 4: LINE OF CREDIT – WEBSTER BANK:

In 2019, BERA was approved by Webster Bank for a line of credit with a credit limit of \$95,000. The annual percentage interest adjusts in July of each year. On December 31, 2023, the percentage rate was 8.25 %. Payments due monthly on the outstanding balance are interest only. For the year ended December 31, 2023, there is a balance of \$95,604 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, 2023, the Mortgage Payable – Aspinall Land is detailed below:

Total Mortgage Payable – Aspinall Land	\$45,758
Less: Current Portion	3,331
Total Note Payable, Long-Term Portion	\$42,427

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

For the years ended:	
December 31, 2024	3,331
December 31, 2025	3,502
December 31, 2026	3,681
Thereafter	35,244
	\$45,758

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

NOTE 6: SMALL BUSINESS ADMINISTRATION COVID RELIEF:

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 initially in the amount of \$150,000, and in 2021 received an additional \$200,000 bringing the total EIDL to \$350,000. The loan has a fixed interest rate of 2.75% with payments of \$1,551 per month beginning 24 months from the date of the promissory note, June 3, 2023, and matures on June 3, 2050.

Total Economic Injury Disaster Loan	\$340,899
Less: Current Portion	9,355
Total Economic Injury Disaster Loan, Long-Term Portion	\$331,544

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

For the years ended:	
December 31, 2024	9,355
December 31, 2025	9,615
December 31, 2026	9,883
December 31, 2027	10,158
December 31, 2028	10,441
Thereafter	291,447
Total future payments for EIDL	\$340,899

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

NOTE 7: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES:

(A) Copier Lease:

On July 14, 2020, BERA entered into an operating lease agreement with Canon Financial Services for a copier. The lease term is 63 months with a monthly payment of \$110. On January 1, 2023, there was 34 remaining months left on the copier lease.

The Organization adopted ASC 842 on January 1, 2023 and recognized a right-of-use asset (the copier) and a lease liability for the operating lease associated with the use of the copier. Using a 4.125 % discount rate, the net present value of the lease was \$3,536. The discount rate was based on the United States Treasury rate for an 18-month treasury note on January 1, 2023. The right-of-use asset of \$4,781 is being amortized over 34 months. As of December 31, 2023, the right-of-use asset for the copier lease, net of amortization, of \$2,327 is shown on the Statement of Financial Position as part of Right-of-Use assets. (See Note 7C for a Summary of Right-of-Use Assets and Lease Liabilities)

The lease liability of \$3,536 will be paid over the 34-month period with an effective interest rate of 4.125%. Under ASC 842 both the interest portion of the lease liability and the amortization of the right-of-asset are considered equipment rental & maintenance expense. As of December 31, 2023, the lease liability of \$2,327, is shown on the Statement of Financial Position in two places: (1) \$1,247 is part of lease liabilities, current portion, and (2) \$1,080 is part of lease liabilities, long-term portion. (See Note 7C for a Summary of Right-of-Use Assets and Lease Liabilities)

The cash requirement for the copier lease for the 2 years is as follows:

<u>Year ended</u>	<u>Payment Amount</u>	<u>Discount</u>	<u>Lease Liability</u>
December 31, 2024	\$1,320	\$73	\$1,247
December 31, 2025	1,100	20	1,080
	\$1,644	\$93	\$2,327

(B) Postage Meter Lease:

On August 17, 2022, BERA entered into an operating lease agreement with Pitney Bowes for a postage meter. The lease term was 60 months with a monthly payment of \$36.60. On January 1, 2023, there was 56 remaining months left on the postage meter lease.

The Organization adopted ASC 842 on January 1, 2023 and recognized a right-of-use asset (the postage meter) and a lease liability for the operating lease associated with the use of the postage meter. Using a 3.75% discount rate, the net present value of the lease was \$1,883. The discount rate was based on the United States Treasury rate for a 56-month treasury note on January 1, 2023. The right-of-use asset of \$1,883 is being amortized over 56 months. As of December, 31, 2023, the right-of-use asset for the postage meter lease, net of amortization, of \$1,502 is shown on the Statement of Financial Position as part of Right-of-Use assets under Other Assets. (See Note 7C for a Summary of Right-of-Use Assets and Lease Liabilities)

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

NOTE 7: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – (continued):

(B) Postage Meter Lease -continued:

The lease liability of \$1,883 will be paid over the 56-month period with an effective interest rate of 3.75%. Under ASC 842 both the interest portion of the lease liability and the amortization of the right-of-asset are considered equipment rental & maintenance expense. As of December 31, 2023, the lease liability of \$1,502, is shown on the Statement of Financial Position in two places: (1) \$389 is part of lease liabilities, current portion, and (2) \$1,113 is part of lease liabilities, long-term portion. (See Note 7C for a Summary of Right-of-Use Assets and Lease Liabilities)

The cash requirements for the postage meter lease for the next 4 years are as follows:

<u>Year ended</u>	<u>Payment Amount</u>	<u>Discount</u>	<u>Lease Liability</u>
December 31, 2024	\$439	\$50	\$389
December 31, 2025	439	35	404
December 31, 2026	439	19	420
December 31, 2027	293	4	289
	<u>\$1,610</u>	<u>\$108</u>	<u>\$1,502</u>

(C) Summary of all Right-of-Use Assets and Lease Liabilities:

Total Right-of-Use Assets, net of amortization expense, for these above leases as of December 31, 2023, are as follows:

<u>Right-of-Use Assets, net of amortization expense:</u>	
Copier (see 7A above)	\$2,327
Postage Meter (see 7B above)	1,502
Total Right-of-Use Assets, net of amortization expense	<u>\$3,829</u>

Total Current portion of the Lease Liabilities for these above leases as of December 31, 2023, are as follows:

<u>Current Portion of the Lease Liabilities:</u>	
Copier (see 7A above)	\$1,247
Postage Meter (see 7B above)	389
Total Current Portion of the Lease Liabilities	<u>\$1,636</u>

Total Long-Term portion of the Lease Liabilities for these above leases as of December 31, 2023, are as follows:

<u>Long-Term portion of the Lease Liabilities:</u>	
Copier (see 7A above)	\$1,080
Postage Meter (see 7B above)	1,113
Total Long-Term Portion of the Lease Liabilities	<u>\$2,193</u>

Total Lease Liabilities including both the Current & Long-Term Portion are \$3,829 as of December 31, 2023.

See Auditor's Report

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
 EAST HAVEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 -continued-

NOTE 8: 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 (See Note 10)	\$354,253
Railway Cars – Restoration and Maintenance Endowment (See Note 9)	208,641 97,661
Curatorial	3,856
Technology	2,800
Building, Grounds & Physical Plant	2,541
Library	198
Total Donor Restrictions on Net Assets	\$669,950

NOTE 9: 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 Trustees 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 (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the 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

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
-continued-

NOTE 9: NET ASSETS WITH DONOR RESTRICTION – ENDOWMENT (continued):

Endowment net assets include only donor-restricted net assets at December 31, 2023. There were no changes in the endowment net assets for the year ended December 31, 2023 are as follows:

Endowment net assets – beginning of year	\$97,661
Endowment net assets – end of year	\$97,661

As of December 31, 2023, 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 10: VISION 2020 CAPITAL CAMPAIGN:

The purpose of this campaign is to provide fire protection, public water, sewer, and visitor amenities such as potable water and sanitary facilities. Additional funding is to be used to place concrete flooring, fire suppression sprinklers, and HVAC in two new storage buildings erected in 2015 during the museum's "Elevating the Collection" campaign. An additional phase of this campaign is to begin moving the car repair and restoration facility into one of the two new buildings, above the tidal surge flood plain.

The Vision 2020 Capital Campaign was originally initiated via a funding commitment from the State of Connecticut, Department of Economic and Community Development. Through an Urban Act bond, the state committed funding totaling \$1.5M for infrastructure improvements to this campaign. An additional \$1M in private funding is anticipated. Due to various difficulties with easement and zoning issues, the project has been delayed.

The state bonding commission has approved the museum urban act budget through December 2026. Engineering work has been completed, and as soon as the appropriate easement is granted, local inland wetland approval will be obtained, and the construction phase will go out to bid. It is likely that the project will be completed by August 2025.

The museum has been provisionally awarded an additional \$405,000 in new state bonding in 2023 for renovations to BERA's current campus to allow increased accessibility for guests and volunteers. As of the date of this audit, no agreement has been formalized. Initial discussions indicate that this will be a conditional grant. In accordance with FASB ASU 2018-08 conditional grants are only recognized as conditions are met. Since the conditions are not yet known, this amount is not a part of the financial statements.

Through the year ended December 31, 2023, BERA has raised \$354,253 in government grants, pledges, and cash donations (See Note 8). BERA has expended a total of \$224,171 in capital infrastructure costs (See Note 1F). In accordance with Generally Accepted Accounting Principles, the contributions from government grants, pledges, and cash donations used to pay for the capital infrastructure costs are considered not considered released from restriction until the capital infrastructure improvements are completed and placed in service.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.
EAST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
-continued-

NOTE 11: 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:

Machinery & Equipment Fixed Asset	\$17,999
Supplies	<u>7,451</u>
Total In-Kind Contributions	<u>\$25,450</u>

NOTE 12: PRIOR PERIOD ADJUSTMENT:

For the year ended December 31, 2022, the receivables were incorrectly understated which resulted in an understatement of income. In accordance with Generally Accepted Accounting Principles, the prior period adjustment of \$19,173 is shown on the Statement of Changes in Net Assets as a Prior Period Adjustment.

See Auditor's Report