

Mount Washington Observatory

Financial Statements

Years Ended March 31, 2024 and 2023

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WIPFLI

Independent Auditor's Report

To the Board of Trustees
Mount Washington Observatory
North Conway, New Hampshire

Opinion

We have audited the accompanying financial statements of Mount Washington Observatory (a nonprofit organization), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Mount Washington Observatory as of March 31, 2024 and 2023, 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 ("GAAP").

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 Mount Washington Observatory 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 GAAP, 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 Mount Washington Observatory's ability to continue as a going concern for 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 Mount Washington Observatory'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 Mount Washington Observatory'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.



Wipfli LLP

Bedford, New Hampshire
August 21, 2024

Mount Washington Observatory

Statements of Financial Position

<i>As of March 31,</i>	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,522,252	\$ 725,026
Pledges receivable, net	215,265	-
Grants receivable	44,575	397,331
Bequest receivable	-	4,000,000
Other receivables, net	15,123	24,091
Accrued interest receivable	2,527	29,104
Prepaid expenses	14,214	7,901
Inventory	93,025	81,899
Investments	188,171	143,379
Total current assets	2,095,152	5,408,731
Property and equipment, net	1,080,462	1,165,825
Other non-current assets:		
Right of use asset - operating lease	29,780	88,222
Investments	6,976,537	3,243,834
Pledges receivable, less current portion above	184,860	-
Total other non-current assets	7,191,177	3,332,056
TOTAL ASSETS	\$ 10,366,791	\$ 9,906,612

Mount Washington Observatory

Statements of Financial Position (Continued)

<i>As of March 31,</i>	2024	2023
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 65,663	\$ 58,395
Accrued payroll expenses	99,184	82,424
Notes payable, current portion	33,793	23,606
Current portion of lease liability - operating	29,780	58,443
Obligations under charitable gift annuities, current portion	6,933	6,933
Deferred income	45,232	35,694
Total current liabilities	280,585	265,495
Notes payable, net of current portion	485,251	925,684
Lease liability - operating, net of current portion	-	29,779
Obligations under charitable gift annuities, net of current portion	44,273	48,700
Total long-term liabilities	529,524	1,004,163
Total liabilities	810,109	1,269,658
Net assets:		
Without donor restrictions	8,167,623	7,787,860
With donor restrictions	1,389,059	849,094
Total net assets	9,556,682	8,636,954
TOTAL LIABILITIES AND NET ASSETS	\$ 10,366,791	\$ 9,906,612

See accompanying notes to financial statements.

Mount Washington Observatory

Statement of Activities

<i>Year Ended March 31, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 335,249	\$ 510,849	\$ 846,098
Fundraising events	200,113	-	200,113
Membership dues	417,955	-	417,955
In-kind donations	79,877	-	79,877
Museum donations and admissions	1,446	-	1,446
Grant revenue	498,803	-	498,803
Total contribution revenue	1,533,443	510,849	2,044,292
Program revenue	137,865	-	137,865
Sale of merchandise, net of cost of sales	147,066	-	147,066
Investment income, net	665,678	114,032	779,710
Rental revenue	184,316	-	184,316
Other revenue	16,880	-	16,880
Loss for uncollectible pledges receivable	-	(38,371)	(38,371)
Net assets released from restrictions	46,545	(46,545)	-
Total revenue and support	2,731,793	539,965	3,271,758
Expenses:			
Program	1,600,284	-	1,600,284
Management and general	267,401	-	267,401
Membership and development	484,345	-	484,345
Total expenses	2,352,030	-	2,352,030
Change in net assets	379,763	539,965	919,728
Net assets - Beginning of year	7,787,860	849,094	8,636,954
Net assets - End of year	\$ 8,167,623	\$ 1,389,059	\$ 9,556,682

See accompanying notes to financial statements.

Mount Washington Observatory

Statement of Activities

<i>Year Ended March 31, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 257,833	\$ 35,957	\$ 293,790
Contributions - Major Gifts Bequests	4,533,333	-	4,533,333
Fundraising events	173,944	-	173,944
Membership dues	436,717	-	436,717
Museum donations and admissions	86,374	-	86,374
Grant revenue	331,216	-	331,216
Total contribution revenue	5,819,417	35,957	5,855,374
Program revenue	92,018	-	92,018
Sale of merchandise, net of cost of sales	96,940	-	96,940
Investment income, net	(24,964)	(42,436)	(67,400)
Rental revenue	206,551	-	206,551
Other revenue	3,174	-	3,174
Gain on sale of assets	900	-	900
Net assets released from restrictions	58,097	(58,097)	-
Total revenue and support	6,252,133	(64,576)	6,187,557
Expenses:			
Program	1,332,862	-	1,332,862
Management and general	340,872	-	340,872
Membership and development	378,196	-	378,196
Total expenses	2,051,930	-	2,051,930
Change in net assets	4,200,203	(64,576)	4,135,627
Net assets - Beginning of year	3,587,657	913,670	4,501,327
Net assets - End of year	\$ 7,787,860	\$ 849,094	\$ 8,636,954

See accompanying notes to financial statements.

Mount Washington Observatory

Statement of Functional Expenses

<i>For the Year Ended March 31, 2024</i>	Program			Management and General	Membership and Development	Total Expenses
	Research and Education	Retail	Total Program			
Salaries, wages and payroll taxes	\$ 817,815	\$ 108,048	\$ 925,863	\$ 63,558	\$ 231,611	\$ 1,221,032
Employee benefits	140,537	14,444	154,981	9,192	27,041	191,214
Total salaries, wages, payroll taxes, and employee benefits	958,352	122,492	1,080,844	72,750	258,652	1,412,246
Building repairs and maintenance	17,761	1,357	19,118	5,973	1,975	27,066
Rent	64,773	13,322	78,095	-	-	78,095
Cost of sales	-	147,065	147,065	-	-	147,065
Advertising	2,021	-	2,021	-	4,812	6,833
Professional fees	463	81	544	75,945	6,777	83,266
Conferences	4,985	-	4,985	-	-	4,985
Utilities	55,738	650	56,388	2,928	968	60,284
Office and general	67,213	10,838	78,051	9,836	64,824	152,711
Insurance	24,096	2,093	26,189	9,423	3,115	38,727
Interest	15,711	1,365	17,076	6,144	2,031	25,251
Computer services	4,661	2,246	6,907	17,157	12,044	36,108
Membership	-	-	-	187	215	402
Property taxes	152	12	164	54	18	236
Travel	48,211	702	48,913	2,899	1,055	52,867
Research	3,629	-	3,629	87	-	3,716
Program	43,655	-	43,655	-	3,078	46,733
Special events	891	-	891	168	89,029	90,088
Income tax	-	-	-	14,443	-	14,443
Bad debt expense	364	-	364	1,753	20,000	22,117
Depreciation	121,862	10,588	132,450	47,654	15,752	195,856
Subtotals	1,434,538	312,811	1,747,349	267,401	484,345	2,499,095
Less expenses included with revenue and support on the statement of activities:						
Retail cost of sales	-	(147,065)	(147,065)	-	-	(147,065)
Totals	\$ 1,434,538	\$ 165,746	\$ 1,600,284	\$ 267,401	\$ 484,345	\$ 2,352,030

See accompanying notes to financial statements.

Mount Washington Observatory

Statement of Functional Expenses

<i>For the Year Ended March 31, 2023</i>	Program			Management and General	Membership and Development	Total Expenses
	Research and Education	Retail	Total Program			
Salaries, wages and payroll taxes	\$ 665,633	\$ 75,757	\$ 741,390	\$ 61,287	\$ 241,650	\$ 1,044,327
Employee benefits	90,435	3,271	93,706	4,878	31,977	130,561
Total salaries, wages, payroll taxes, and employee benefits	756,068	79,028	835,096	66,165	273,627	1,174,888
Building repairs and maintenance	24,810	2,015	26,825	9,067	2,997	38,889
Rent	64,303	10,083	74,386	-	-	74,386
Cost of sales	-	134,162	134,162	-	-	134,162
Advertising	1,595	-	1,595	550	3,006	5,151
Professional fees	11,824	77	11,901	121,473	700	134,074
Conferences	3,368	-	3,368	2,824	150	6,342
Utilities	48,243	478	48,721	2,153	711	51,585
Office and general	41,200	9,789	50,989	10,441	57,413	118,843
Insurance	23,364	2,030	25,394	9,136	3,020	37,550
Interest	20,280	1,762	22,042	7,930	2,621	32,593
Computer services	2,310	1,722	4,032	14,144	11,256	29,432
Membership	-	1,050	1,050	63	-	1,113
Property taxes	6,974	606	7,580	2,727	902	11,209
Travel	36,629	-	36,629	5,794	-	42,423
Research	3,120	-	3,120	-	-	3,120
Program	1,578	-	1,578	262	-	1,840
Special events	-	-	-	-	556	556
Income tax	-	-	-	23,902	-	23,902
Depreciation	164,283	14,273	178,556	64,241	21,237	264,034
Subtotals	1,209,949	257,075	1,467,024	340,872	378,196	2,186,092
Less expenses included with revenue and support on the statement of activities:						
Retail cost of sales	-	(134,162)	(134,162)	-	-	(134,162)
Totals	\$ 1,209,949	\$ 122,913	\$ 1,332,862	\$ 340,872	\$ 378,196	\$ 2,051,930

See accompanying notes to financial statements.

Mount Washington Observatory

Statement of Cash Flows

<i>Years Ended March 31,</i>	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 919,728	\$ 4,135,627
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	195,856	264,034
Allowance for losses and bad debt expense	60,488	-
Non-cash right of use asset - operating lease expense	58,442	56,984
Gain on sale of assets	-	(900)
Reinvested investment income	(161,131)	(67,204)
Net unrealized and realized (gain) loss on investments	(617,619)	173,978
(Increase) decrease in assets:		
Pledges receivable	(458,496)	-
Grants receivable	352,756	77,490
Bequest receivable	4,000,000	(4,000,000)
Other receivables	6,851	(13,570)
Accrued interest receivable	26,577	(29,104)
Prepaid expenses	(6,313)	4,161
Inventory	(11,126)	(45,656)
Increase (decrease) in liabilities:		
Accounts payable	7,268	22,941
Accrued payroll expenses	16,760	14,847
Lease liability - operating	(58,442)	(56,984)
Obligations under charitable gift annuities	(4,427)	(12,401)
Deferred income	9,538	8,754
Total adjustments	3,416,982	(3,602,630)
Net cash from operating activities	4,336,710	532,997
Cash flows from investing activities:		
Purchases of property and equipment	(110,493)	(199,747)
Proceeds from sale of property and equipment	-	900
Purchase of investments	(3,150,000)	(426,666)
Proceeds from sale of investments	151,255	143,557
Net cash from investing activities	(3,109,238)	(481,956)

Mount Washington Observatory

Statement of Cash Flows (Continued)

<i>Years Ended March 31,</i>	2024	2023
Cash flows from financing activities:		
Payments on notes payable	\$ (430,246)	\$ (29,601)
Net cash from financing activities	(430,246)	(29,601)
Net change in cash and cash equivalents	797,226	21,440
Cash and cash equivalents - Beginning of year	725,026	703,586
Cash and cash equivalents - End of year	\$ 1,522,252	\$ 725,026
Supplemental disclosures and non-cash activity:		
Interest paid	\$ 33,733	\$ 31,331
Income tax paid	\$ 6,669	\$ 23,902

See accompanying notes to financial statements.

Mount Washington Observatory

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Mount Washington Observatory (the "Observatory") is a New Hampshire nonprofit corporation organized to advance understanding of the Earth's natural systems by maintaining its mountaintop weather station, conducting research and educational programs, and interpreting the heritage of the Mount Washington region.

Basis of Accounting

The financial statements of the Observatory have been prepared on the accrual basis of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted 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.

Cash and Cash Equivalents

The Observatory considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Observatory has classified any cash or money market accounts held in the investment accounts as investments as these funds are not readily available for operations.

The Observatory maintains its cash in bank accounts which at times exceeds the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Observatory has not experienced any losses in such accounts in the past and believes it is not exposed to any significant credit risk.

Pledges Receivable

Pledges receivable expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge. Management reviews the outstanding pledges receivable and establishes an allowance for uncollectible accounts based on specific contract circumstances. Delinquency status is determined based on contractual terms. An allowance for uncollectible pledges of \$58,371 and \$0 was recognized at March 31, 2024 and 2023, respectively.

Grants Receivable

Grants receivable arise in the normal course of operations and consist of amounts due from funders under various grants and contracts. Management reviews the outstanding grants receivable and establishes an allowance for uncollectible accounts based on specific contract circumstances. Delinquency status is determined based on contractual terms. The Observatory does not require collateral for the extension of credit. Management has determined that no allowance for uncollectible accounts is deemed necessary at March 31, 2024 and 2023.

Mount Washington Observatory

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Inventory

Inventory consists primarily of museum gift shop items for resale at the summit. Inventory is valued at the lower of cost or net realizable value with cost determined on the first-in, first-out basis.

Property and Equipment

Property and equipment are capitalized at cost, if purchased, or at their estimated fair value, if the assets are donated. Assets with a useful life in excess of one year and costing over \$1,000 are capitalized. Lesser amounts are charged to operations. Depreciation is provided for on the straight-line method, by charges to income in amounts estimated to amortize the cost or donated value of the assets over their estimated useful lives.

Depreciation expense for the years ended March 31, 2024 and 2023 was \$195,856 and \$264,034, respectively.

Gifts of capital assets, such as land, buildings, or equipment are reported as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of capital 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 capital assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired capital assets are placed in service.

The Observatory periodically evaluates whether events and circumstances have occurred that may affect the carrying value of property and equipment. If such events or circumstances indicate the carrying value may not be recoverable, impairment is determined by comparing the carrying value with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Observatory would recognize an impairment loss.

Investments

Investments in marketable securities are valued at fair value in the statement of financial position. The measurement of fair value is made using the fair value hierarchy under current accounting standards (Note 5).

Net investment return is reported in the statements of activities and consists of interest and dividend income and net realized and unrealized gains and losses, net of investment fees. Interest and dividend income is recorded on the accrual basis. For purposes of determining realized gains and losses, the cost of securities sold is determined using the specific identification method and is recorded on a trade-date basis.

Mount Washington Observatory

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Charitable Gift Annuities

Under charitable gift annuity contracts, the Observatory receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the life of the donors. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Net Assets

The financial statements of the Observatory have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which requires the Observatory to report information regarding its financial position and activities according to the following net asset classifications. The classes for net assets are determined by the presence or absence of donor restrictions.

Net assets without donor restrictions: Net assets are not subject to donor-imposed stipulations. Board designated net assets without donor restrictions consist of cash and investments which are to be used only with a specific vote of the board.

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 Observatory. Other donor restrictions are perpetual in nature, whereby the donor stipulated the funds be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Mount Washington Observatory

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant agreement.

Grant awards that are contributions: Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions: Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. There were no grant awards that were considered exchange transactions during the years ended March 31, 2024 and 2023.

Program Revenue

Program revenue consists of amounts received from members and the public in exchange for classroom programs, speaking engagements, workshops, professional development programs for teachers looking to expand their working knowledge of weather and climate, and exclusive day and overnight trips to the mountaintop weather station. Program fees are typically paid at registration, but occasionally at the time of the programs, particularly for speaking engagements and workshops. The performance obligation is to provide weather and climate educational programming and accommodations for overnight educational trips. Program revenue is recognized upon satisfaction of the performance obligations at the price set for the specific program. Program revenue is recognized over time as the customers are simultaneously receiving and consuming the benefits which in the case of these services, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. Any amounts received in advance of the program are recorded as deferred revenue.

Mount Washington Observatory

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

Research and Product Development Revenue

Research and product development revenue consists of amounts received from customers in exchange for agreed-upon services or products and is recognized over time. Revenue is recognized as performance under the contract progresses based on an input method of labor hours. The contracts typically have one performance obligation as outlined in the statement of work. Any amounts earned but not received are recorded as receivable. Invoices are typically due within 30 days of invoice date.

Sales of Merchandise

Merchandise sales consist of amounts received from customers for sales made in the gift shop and online. Revenue is recognized upon satisfaction of all contractual performance obligations and is measured at the amount of consideration to which the Observatory expects to be entitled to for the corresponding merchandise. Substantially all of the sales are single performance obligation arrangements with the transaction price being the stand-alone selling price of each item. Revenue is recognized at a point in time, which occurs at the point of sale, when the customer receives and pays for the purchased goods.

Rental Revenue

Rental revenues are reported and recognized in accordance with Accounting Standards Codification, or ASC, Topic 842, Leases, using a method for revenue recognition that represents a straight-line basis over the term of the lease. Rent revenue is recognized in the period in which it is earned. Any amounts received for future periods are reported as deferred income.

Revenues and cash flows are impacted by factors such as the local economy and tourism, billing terms, the timing of the program delivery and the completion of research or labor performed under contracts or grant agreements.

There were no contract assets or liabilities as of March 31, 2024 and 2023. Other receivables for all revenue sources were \$15,123 and \$24,091 as of March 31, 2024 and 2023, respectively. Other receivables for all revenue sources as of April 1, 2022 were \$10,521.

In-Kind Revenue

Donated Services

The Observatory's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Observatory did not receive any contributed professional services during the years ended March 31, 2024 and 2023.

Mount Washington Observatory

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

In-Kind Revenue (Continued)

Donated Goods

The Observatory records the value of donated goods when there is an objective basis available to measure their value. Donated equipment and materials are reported as contributions in the accompanying statements of activities at their estimated values at date of donation. Unless otherwise noted, contributed assets did not have donor-imposed restrictions.

Total amount of in-kind contributions recognized was \$79,877 as of March 31, 2024.

Lease Accounting

The Observatory leases space from the State of New Hampshire (Note 13). The right-of-use (ROU) asset and lease liability are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Observatory has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate since the implicit rate in the lease contract is not readily determinable.

For all underlying classes of assets, the Observatory has elected to not recognize right-of-use (ROU) assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Observatory is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause or significant penalty and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Observatory recognizes short-term lease cost on a straight-line basis over the lease term.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, wages, payroll taxes and benefits are allocated on the basis of estimates of time and effort. Office and occupancy costs are allocated based on square footage.

Mount Washington Observatory

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Museum and Library Collections

Collection items acquired by donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of collection items are not recognized in the statement of activities. Any proceeds from the sale of collection items can be used for the purchase of additional collection items or the maintenance of the collection.

Income Taxes

The Observatory is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Observatory's tax-exempt purpose is subject to taxation. In addition, the Observatory qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

The Observatory incurs unrelated business income tax on its rental activities since the property rented is debt-financed. The total income tax expense for the years ended March 31, 2024 and 2023 was \$14,443 and \$23,902, respectively.

The Observatory assesses the potential outcome of uncertain tax positions. The Observatory's policy for interest and penalties related to income tax exposure is to recognize interest and penalties as other income (expense) in the statements of activities. As of March 31, 2024, management believes the Observatory has no material uncertain tax positions requiring recognition or measurement. The federal and state returns remain open to examination by taxing authorities through their statutory periods.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of March 31,</i>	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,522,252	\$ 725,026
Less: Cash with donor restrictions	(126,098)	(54,937)
Pledges receivable, net	215,265	-
Grants receivable	44,575	397,331
Bequest receivable	-	4,000,000
Other receivables, net	15,123	24,091
Accrued interest receivable	2,527	29,104
Endowment spending-rate distributions and appropriations	188,171	143,379
Financial assets available to meet general expenditures over the next twelve months	\$ 1,861,815	\$ 5,263,994

The Observatory's goal is generally to maintain financial assets to meet 60 days of operating expenses.

Mount Washington Observatory

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources (Continued)

The Observatory's investments consist of donor-restricted and board-designated endowment funds which are not available for general expenditure. As described in Note 9, the endowment funds are subject to an annual spending rate of up to 5%.

The Observatory has a revolving line of credit in the amount of \$200,000, which can be drawn upon in the event of an anticipated liquidity need. At March 31, 2024, \$200,000 was available to be drawn on the line of credit. Additionally, in the event the need for liquidity arises, the board-designated net assets totaling \$6,104,781 and \$2,411,353 as of March 31, 2024 and 2023, respectively, could be drawn upon through board resolution.

Note 3: Pledges Receivable

Pledges receivable consist of donations to be made as a part of various partnership and sponsorship agreements that include advertising, marketing, research, and education. Pledges receivable due in more than one year are discounted at rates of 3.82% to 4.34%.

Pledges receivable are expected to be collected as follows as of March 31, 2024:

<i>Year Ended March 31,</i>	
2025	\$ 255,265
2026	220,000
<hr/>	
Total	475,265
Less: allowance for uncollectible pledges	58,371
Less: discount to net present value	16,769
<hr/>	
Total	\$ 400,125

Note 4: Investments

Investments consisted of the following at March 31:

<i>March 31,</i>	2024	2023
Money market funds	\$ 348,394	\$ 364,337
Exchange traded funds	6,569,087	3,022,876
U.S. Treasury obligation	247,227	-
<hr/>		
Totals	\$ 7,164,708	\$ 3,387,213

The board designated endowment appropriation for the next fiscal year of \$188,171 and \$143,379 as of March 31, 2024 and 2023, respectively, has been classified as a current asset in the statements of financial position.

Mount Washington Observatory

Notes to Financial Statements

Note 4: Investments (Continued)

Net investment return in the statement of activities is comprised of the following at March 31:

<i>March 31,</i>	2024	2023
Interest and dividends	\$ 162,091	\$ 106,578
Net realized and unrealized gains and (losses)	617,619	(173,978)
Totals	\$ 779,710	\$ (67,400)

Note 5: Fair Value Measurements

The accounting guidance for fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy must be used to determine the fair value of the Observatory's investments and consists of three broad levels: Level 1 inputs, which have the highest priority, consist of unadjusted quoted prices in active markets for identical assets; Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or observable inputs other than quoted market prices; and Level 3 inputs, which have the lowest priority, consist of inputs that are unobservable and significant to the fair value measurement. The Observatory uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, of the valuation techniques used to determine the fair value of the Observatory's investments, classified by major type:

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 348,394	\$ -	\$ -	\$ 348,394
Exchange traded funds				
Bond	2,427,051	-	-	2,427,051
International equity	1,342,444	-	-	1,342,444
Large-blend equity	2,484,674	-	-	2,484,674
Emerging markets	314,918	-	-	314,918
U.S. Treasury obligation	-	247,227	-	247,227
Total investments	\$ 6,917,481	\$ 247,227	\$ -	\$ 7,164,708
Obligations under charitable gift annuities	\$ -	\$ -	\$ (51,206)	\$ (51,206)

Mount Washington Observatory

Notes to Financial Statements

Note 5: Fair Value Measurements (Continued)

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 364,337	\$ -	\$ -	\$ 364,337
Exchange traded funds				
Bond	1,069,536	-	-	1,069,536
International equity	656,258	-	-	656,258
Large-blend equity	1,139,884	-	-	1,139,884
Emerging markets	157,198	-	-	157,198
Total investments	\$ 3,387,213	\$ -	\$ -	\$ 3,387,213
Obligations under charitable gift annuities	\$ -	\$ -	\$ (55,633)	\$ (55,633)

All investments have been valued using a market approach. Exchange traded funds listed or traded on any national market or exchange are valued at the last sales price as of the close of the principal securities exchange on which such securities are traded. U.S. Treasury obligations are valued using quoted prices of identical assets in inactive markets (not frequently traded). Liabilities have been valued using an income approach. Annuity obligations are recorded at fair value based on Level 3 inputs and other relevant market data based on the present value of the estimated future cash outflows. For the years ended March 31, 2024 and 2023, the assumptions used in the valuation of the annuity liability include mortality in accordance with the 2020 Individual Annuity Reserving Table and discount rates of 4.20% and 3.48%, respectively, for all annuities. These rates are commensurate with the risks associated with the ultimate payment of the obligations.

For the years ended March 31, 2024 and 2023, there were no transfers in or out of levels 2 or 3. There have been no changes in the valuation techniques and related inputs. The inputs or valuation methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Note 6: Property and Equipment

Components of property and equipment at March 31, 2024 and 2023:

<i>March 31,</i>	2024	2023
Buildings and building improvements	\$ 3,346,617	\$ 3,241,000
Furniture, fixtures and equipment	1,690,992	1,686,116
Leasehold improvements	1,032,670	1,032,670
Vehicles	314,908	314,908
Subtotal	6,385,187	6,274,694
Less: accumulated depreciation	(5,304,725)	(5,108,869)
Property and equipment, net	\$ 1,080,462	\$ 1,165,825

Mount Washington Observatory

Notes to Financial Statements

Note 7: Line of Credit

The Observatory has a \$200,000 revolving line of credit agreement with a bank. The line matures on March 28, 2026 and interest is payable monthly at the Wall Street Journal prime rate (8.50% and 8.00% at March 31, 2024 and 2023, respectively). There was no outstanding balance on this line of credit at March 31, 2024 and 2023.

The line of credit is cross-collateralized with the note payable to the bank (Note 8).

Note 8: Notes Payable

Notes payable consisted of the following at March 31:

<i>March 31,</i>	2024	2023
<p>Note payable to a bank bearing interest at a fixed rate of 3.5% through March 2031, payable in monthly installments of principal and interest of approximately \$4,300 with an approximate balloon payment of \$280,346. The note was refinanced in March 2021, at which time the original maturity was extended to May 2029 and the interest rate was reduced from 4.5%. The lender agreed to advance an additional amount of \$300,000, which will be added to the principal balance as improvements to the Observatory's property are incurred under the note. The note is collateralized by real estate owned by the Observatory, a collateral assignment of leases and rents and a first security interest in all business assets. The note is cross-collateralized with the line of credit (Note 7).</p>	\$ 519,044	\$ 799,390
<p>Note payable to the U.S. Small Business Administration for an Economic Injury Disaster Loan provided to assist with COVID-19 recovery bearing interest at 2.75% and maturing July 2050. Loan was fully repaid in the year ending March 31, 2024. The note was collateralized by business assets of the Observatory.</p>	-	149,900
Total notes payable	519,044	949,290
Less: current portion	33,793	23,606
Total long-term portion	\$ 485,251	\$ 925,684

The scheduled future principal payments for the next five years, and thereafter, are as follows:

<i>Years Ended March 31,</i>	
2025	\$ 33,793
2026	35,012
2027	36,275
2028	37,546
2029	38,938
Thereafter	337,480
Total	\$ 519,044

Mount Washington Observatory

Notes to Financial Statements

Note 9: Endowment Funds

The Board of Trustees of the Observatory has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Observatory retains in perpetuity net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Observatory in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Observatory considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (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 Observatory, and (7) the Observatory's investment policies.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Observatory to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. At March 31, 2024, there were no deficiencies resulting from unfavorable market conditions. At March 31, 2023, the deficiencies resulting from unfavorable market fluctuations totaled \$28,360.

Investment Return Objectives, Risk Parameters and Strategies: The Observatory has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, consisting mainly of exchange-traded funds, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution not exceeding 5%, while growing the funds if possible. Therefore, the Observatory expects its endowment assets, over time, to produce an average rate of return (net of inflation and fees) between 3.0% and 5.0%. Actual returns may vary from this amount. Investment risk is measured in terms of the total endowment funds. Investment assets and allocation between asset classes and strategies are managed so as not to expose the fund to unacceptable levels of risk.

Spending Policy: The Observatory has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters. In extraordinary circumstances, the Board of Trustees has the authority to approve a higher spending rate or spending from funds currently underwater. If the value of the portfolio increases more than 20% from an additional contribution, 5% of the average market value of the endowment over the trailing four quarters may be transferred to the operating account. In establishing this policy, the Observatory considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Observatory's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Mount Washington Observatory

Notes to Financial Statements

Note 9: Endowment Funds (Continued)

The Observatory's endowment fund includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Observatory's endowment net assets as of March 31, 2024 and 2023, and the changes in endowment net assets for the years ended March 31, 2024 and 2023, are as follows:

	March 31, 2024				
	Without Donor Restriction	With Donor Restriction			Total Endowments
		Library Endowment	Operational Endowments	Total Donor- Restricted	
Endowment assets, March 31, 2023	\$ 2,411,353	\$ 251,242	\$ 542,916	\$ 794,158	\$ 3,205,511
Contributions	2,900,000	-	-	-	2,900,000
Investment return, net	128,104	6,889	15,143	22,032	150,136
Net appreciation (depreciation)	530,459	28,747	63,253	92,000	622,459
Amounts appropriated for expenditure	(120,224)	(12,519)	(17,569)	(30,088)	(150,312)
Endowment assets, March 31, 2024	\$ 5,849,692	\$ 274,359	\$ 603,743	\$ 878,102	\$ 6,727,794
Other non-endowment investments	436,914	-	-	-	436,914
Totals	\$ 6,286,606	\$ 274,359	\$ 603,743	\$ 878,102	\$ 7,164,708
	March 31, 2023				
	Without Donor Restriction	With Donor Restriction			Total Endowments
		Library Endowment	Operational Endowments	Total Donor- Restricted	
Endowment assets, March 31, 2022	\$ 2,163,066	\$ 279,310	\$ 590,315	\$ 869,625	\$ 3,032,691
Contributions	426,666	-	-	-	426,666
Investment return, net	46,840	5,333	11,516	16,849	63,689
Net appreciation (depreciation)	(114,693)	(19,013)	(40,272)	(59,285)	(173,978)
Amounts appropriated for expenditure	(110,526)	(14,388)	(18,643)	(33,031)	(143,557)
Endowment assets, March 31, 2023	\$ 2,411,353	\$ 251,242	\$ 542,916	\$ 794,158	\$ 3,205,511
Other non-endowment investments	181,702	-	-	-	181,702
Totals	\$ 2,593,055	\$ 251,242	\$ 542,916	\$ 794,158	\$ 3,387,213

Mount Washington Observatory

Notes to Financial Statements

Note 9: Endowment Funds (Continued)

The amounts required to be retained in perpetuity are as follows:

<i>March 31,</i>	2024	2023
Gladys Brooks fund (Library endowment)	\$ 266,635	\$ 266,635
SF Spaulding fund	17,045	17,045
JB Roberts fund	80,020	80,020
Robert Lowell Putnam fund	94,708	94,708
Stoney Morrell education fund	2,161	2,161
Mack Beal fund	30,652	30,652
Edward Everett fund	298,080	298,080
Totals	\$ 789,301	\$ 789,301

Note 10: Net Assets with Donor Restriction

As of March 31, 2024 and 2023, net assets with donor restrictions were as follows:

<i>March 31,</i>	2024	2023
Gladys Brooks Library Endowment Fund	\$ 274,359	\$ 251,241
Operating Endowments:		
SF Spaulding fund	17,539	16,062
JB Roberts fund	82,338	75,400
Robert Lowell Putnam fund	97,451	89,240
Stoney Morrell education fund	2,224	2,036
Mack Beal fund	31,540	28,883
Edward Everett fund	372,651	331,295
Total Operating Endowment Funds	603,743	542,916
Non-endowment funds restricted for the following purposes:		
Time-restricted pledges, net of allowance for uncollectible pledges	384,859	-
Research and education	37,772	35,218
Summit operations and safety	68,531	17,924
Other	19,795	1,795
Total net assets with donor restrictions	\$ 1,389,059	\$ 849,094

Mount Washington Observatory

Notes to Financial Statements

Note 11: Board-Designated Net Assets

Board-designated net assets include unrestricted donations plus their market appreciation which the Board has designated for an operating endowment. Investment income shall be used for operations in accordance with the spending rule of the Observatory's endowment policy. At March 31, 2024 and 2023, board-designated endowment net assets were \$5,849,692 and \$2,411,353, respectively. During the year ended March 31, 2024, the board designated an additional \$2,900,000 to the operating endowment and \$250,000 to be used towards the balloon payment on the note payable. The \$250,000 is invested in a US Treasury note and cash with a market value of \$255,089 at March 31, 2024. Total board-designated net assets at March 31, 2024 and 2023, were \$6,104,781 and \$2,411,353, respectively.

Note 12: Employee Retention Tax Credit

The CARES Act provided for refundable payroll tax credits known as the Employee Retention Tax Credit (ERTC). The ERTC allows qualified employers to receive a credit of 50% of the employee qualified wages and related payroll costs paid after March 13, 2020 through December 31, 2020, up to a maximum credit of \$5,000 per employee. The ERTC was extended by subsequent legislation through September 30, 2021, with the credit increasing to 70% of the employee qualified wages and related payroll costs up to a maximum credit of \$7,000 per employee. The Observatory elected to treat these credits under the grant accounting policy as discussed in Note 1. Management determined that \$380,791 was due under the ERTC and that all conditions relating to the award were met. As such, the full amount of the ERTC award was reported as grant revenue in 2022 and was included as a grant receivable in the statement of financial position at March 31, 2023. Interest earned in the amount of \$29,104 was recorded as revenue in 2023 and was included as accrued interest receivable at March 31, 2023. The Observatory received the funds in April and May 2023, along with interest earned on the credits.

Note 13: Leases

The Observatory leases a portion of the Sherman Adams Building located on the Summit of Mount Washington specifically designed and constructed for a working observatory with living facilities, and a museum designed and constructed for educational purposes. The 5-year lease was entered into on October 1, 2009, and includes options to renew the lease for three additional 5-year terms. Should the Observatory exercise its second renewal option, either party shall have the right to renegotiate certain provisions of the lease. At the end of the first renewal period, the lease agreement was amended to extend the term for one additional year, to September 30, 2020, to enable the parties to complete renegotiations of certain provisions of the lease prior to the second renewal option taking effect. As of August 21, 2024, the date the financial statements were available to be issued, negotiations for new lease terms are still ongoing and until a new lease is signed, the parties are continuing under the terms of the original lease. It is expected that the lease will continue through September 30, 2024, at a minimum.

Under the terms of the lease, the Observatory will pay a base rent of one dollar per year plus an additional annual rental amount of \$60,000. Payments in the amount of \$5,000 are required monthly.

Mount Washington Observatory

Notes to Financial Statements

Note 13: Leases (Continued)

The Observatory's lease agreement does not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contract include fixed and variable payments. Components of lease expense for the year ended March 31, 2024, were comprised of operating lease costs of \$60,000 and variable lease costs of \$18,095. Components of lease expense for the year ended March 31, 2023, were comprised of operating lease costs of \$60,000 and variable lease costs of \$14,386.

Supplemental information related to the lease is as follows for the years ended March 31, 2024 and 2023:

<i>Years Ended March 31,</i>	2024	2023
Operating cash flow from operating leases	\$ 58,442	\$ 56,984
Weighted-average remaining lease term - operating leases (in years)	0.50	1.50
Weighted-average discount rate - operating leases	2.53 %	2.53 %

Maturities of lease liabilities are as follows:

<i>Years Ended March 31,</i>	
2025	\$ 30,000
Total lease payments	30,000
Less: imputed interest	(220)
Total	\$ 29,780

Non-lease Components

Heat and utilities are paid directly to the State of New Hampshire at rates set by the State of New Hampshire. For the years ended March 31, 2024 and 2023 was \$34,820 and \$28,601, respectively, at a prevailing rate of \$0.55/kwh. Heating oil totaled \$11,692 and \$12,178 at a prevailing rate of \$4.00/gallon for the years ended March 31, 2024 and 2023, respectively.

Variable Lease Payments

The Observatory is also obligated to pay the State of New Hampshire a 5% commission on retail sales, education programs and tours, research contracts and product testing, and contracted services performed or materials sold on the summit. For the years ended March 31, 2024 and 2023, those commissions totaled \$18,095 and \$14,386, respectively.

Mount Washington Observatory

Notes to Financial Statements

Note 14: Restricted Maintenance Fund

With respect to the Mount Washington Museum admission fees, the first \$120,000 earned annually is retained by the Observatory. Any amount in excess of \$120,000 shall be divided equally between the State of New Hampshire, to be deposited into RSA 227-B:9 Mount Washington Fund, and Mount Washington Observatory's restricted museum maintenance fund. For the years ended March 31, 2024 and 2023, the State of New Hampshire's share totaled \$0. The restricted museum maintenance fund is included with investments in the statements of financial position and totaled \$181,825 and \$181,702 at March 31, 2024 and 2023, respectively. In accordance with the lease agreement, the funds are to be used for maintenance and replacement related to the summit's museum display. Amounts can only be withdrawn if approved by the Mount Washington Commission at a duly constituted meeting.

Note 15: Rental income

The Observatory rents space in its North Conway facility to two third parties under long-term lease arrangements. The cost and carrying amount of the leased space as estimated based on the leased square footage is approximately \$1,641,000 and \$386,000 as of March 31, 2024 and \$1,575,000 and \$379,000 as of March 31, 2023. Lease income, inclusive of common area maintenance charges was \$184,316 and \$206,551 for the years ended March 31, 2024 and 2023, respectively.

Future rent under the foregoing lease agreements not inclusive of renewal options by year and in the aggregate is as follows:

<i>Years Ended March 31,</i>	
2025	\$ 186,410
2026	96,240
2027	78,960
2028	19,740
Total	\$ 381,350

Renewal options for the two third-party leases could extend the leases to 2032-2035.

Tenants are also obligated to pay their share of the real estate taxes and utilities. The reimbursements reduce the associated expense.

The Observatory made an accounting policy election for the building to not separate the lease components of a contract and its associated non-lease components (lessor-provided maintenance and other services). One of the two leases includes a monthly charge for common-area maintenance of \$1,758 per month.

Mount Washington Observatory

Notes to Financial Statements

Note 16: Retirement Plan

The Observatory adopted a retirement plan defined under Section 401(k) of the Internal Revenue Code covering substantially all employees who have completed six months of service. The maximum contribution by the employee is limited by federal tax law. The Observatory is required to make a safe harbor matching contribution in an amount equal to 100% of the employee's elective deferral up to five percent of the employee's compensation. The employer may also make discretionary matching contributions in addition to the safe harbor contribution.

Total retirement expense for the years ended March 31, 2024 and 2023 was \$28,593 and \$26,181, respectively. There were no discretionary contributions made during 2024 or 2023.

Note 17: Bequest Receivable

During 2022, the Organization was notified that it was a beneficiary of a will. The probate court approved the Organization's approximate elective share to be \$4,331,235 during the year ended March 31, 2023. The Organization recorded a bequest receivable of \$4,000,000 as of March 31, 2023, which was received during the year ended March 31, 2024. The Organization also received investment income for their approximate elective share of \$533,333 during the year ended March 31, 2023, which was included in contributions - major gifts and bequests along with the \$4,000,000 in the statement of activities. While the remaining payment is estimated by the probate court to be \$331,235, the final amount, if any, will not be known until the estate and its expenses have been settled in their entirety. Management has not recorded any additional bequest receivable as of March 31, 2024 as the amount cannot be reasonably estimated.

Note 18: Risks, Uncertainties and Concentrations

Investments, in general, are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances.

The main charitable purpose of the Observatory relies upon the use of the facilities at the summit of Mount Washington. In the event the lease is not renewed, the Observatory's operations and mission could suffer.

The Observatory received contributions from two donors which comprise 31% of total contribution revenue for the year ended March 31, 2024. The Observatory received a contribution from an estate which comprised 77% of total contribution revenue for the year ended March 31, 2023.

Note 19: Reclassifications

Certain reclassifications have been to the 2023 financial statements to conform to the 2024 presentation. The changes had no effect on the 2023 results of operations.

Mount Washington Observatory

Notes to Financial Statements

Note 20: Subsequent Events

Management has made an evaluation of subsequent events to August 21, 2024, which represents the date on which the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these financial statements.