THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023
(With Summarized Comparative Totals for December 31, 2022)

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
FINANCIAL STATEMENTS
December 31, 2023
(With Comparative Totals for December 31, 2022)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Stickley Museum at Craftsman Farms, Inc.
Morris Plains, New Jersey

Opinion

We have audited the accompanying financial statements of The Stickley Museum at Craftsman Farms, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Stickley Museum at Craftsman Farms, Inc. as of December 31, 2023, and the changes in its 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Stickley Museum at Craftsman Farms, 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 The Stickley Museum at Craftsman Farms, 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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 and *Government 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 The Stickley Museum at Craftsman Farms, 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 The Stickley Museum at Craftsman Farms, 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.

Report on Summarized Comparative Information

We have previously audited The Stickley Museum at Craftsman Farms, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024 on our consideration of The Stickley Museum at Craftsman Farms, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Stickley Museum at Craftsman Farms, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Stickley Museum at Craftsman Farms, Inc.'s internal control over financial reporting and compliance.

German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
May 13, 2024

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Summarized Comparative Totals for December 31, 2022)

ASSETS	2023	2022
Cash and cash equivalents	$ 840,312	$ 369,704
Investments	356,362	830,367
Unconditional promises to give	-	10,100
Grants receivable	535,864	714,671
Employee Retention Credit receivable	17,400	49,900
Inventory, net	20,446	18,305
Fixed assets, net of accumulated depreciation	93,928	110,567
Right-of-use asset, operating lease	9,087	12,525
Security deposits	306	306
Collections	-	-
TOTAL ASSETS	$ 1,873,705	$ 2,116,445

LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 398,646	$ 121,080
Accrued expenses	15,324	14,370
Lease liability, operating lease	9,087	12,525
TOTAL LIABILITIES	423,057	147,975
NET ASSETS		
Without donor restrictions	675,527	690,839
With donor restrictions	775,121	1,277,631
TOTAL NET ASSETS	1,450,648	1,968,470
TOTAL LIABILITIES AND NET ASSETS	$ 1,873,705	$ 2,116,445

See accompanying notes.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023
(With Summarized Comparative Totals for December 31, 2022)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2023	TOTAL 2022
REVENUE, GAINS AND OTHER SUPPORT				
Contributions	$ 85,893	$ 105,185	$ 191,078	$ 739,197
Membership contributions	48,295	-	48,295	40,045
Grants	51,499	-	51,499	854,227
Employee Retention Credit	-	-	-	49,900
Admissions	5,166	-	5,166	3,387
Museum shop sales	32,972	-	32,972	30,726
Special events revenue (net of costs of direct benefits to donors of $29,618 for 2023 and $24,282 for 2022)	194,901	-	194,901	151,471
Interest and dividends	13,431	24,280	37,711	7,340
Net unrealized and realized gains (losses) on investments	30,120	2,740	32,860	(46,916)
Program revenue	107,893	-	107,893	101,195
Other income	16,445	-	16,445	5,233
Net assets released from restrictions	634,715	(634,715)	-	-
Total revenue, gains and other support	1,221,330	(502,510)	718,820	1,935,805
EXPENSES				
Program services	1,049,664	-	1,049,664	631,984
Management and general	124,021	-	124,021	121,643
Fundraising	62,957	-	62,957	48,891
Total expenses	1,236,642	-	1,236,642	802,518
CHANGE IN NET ASSETS	(15,312)	(502,510)	(517,822)	1,133,287
NET ASSETS-Beginning of year	690,839	1,277,631	1,968,470	835,183
NET ASSETS-End of year	$ 675,527	$ 775,121	$ 1,450,648	$ 1,968,470

See accompanying notes.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023
(With Summarized Comparative Totals for December 31, 2022)

	2023				2022
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES	TOTAL EXPENSES
Salaries and wages	$ 252,994	$ 41,658	$ 35,671	$ 330,323	$ 266,721
Payroll taxes	18,179	4,025	3,766	25,970	21,516
Benefits	19,698	4,362	4,080	28,140	21,887
Total salaries and related expenses	290,871	50,045	43,517	384,433	310,124
Restoration, preservation and rehabilitation	673,408	-	-	673,408	326,047
Supplies	5,546	8,878	-	14,424	14,127
Museum shop expenses	15,103	-	-	15,103	13,774
Special events expenses	-	-	5,657	5,657	3,180
Contracted services	7,790	31,731	6,075	45,596	44,169
Insurance	12,088	6,044	6,044	24,176	22,780
Professional services	3,569	13,162	-	16,731	13,768
Printing	6,399	-	-	6,399	5,031
Postage and shipping	120	4,030	-	4,150	4,768
Facilities maintenance	16,279	-	-	16,279	15,488
Telephone and communications	-	4,899	-	4,899	4,189
Professional development	748	240	-	988	6,542
Education, conferences and workshops	7,760	-	-	7,760	1,892
Total expenses before depreciation	1,039,681	119,029	61,293	1,220,003	785,879
Depreciation	9,983	4,992	1,664	16,639	16,639
Total expenses	$ 1,049,664	$ 124,021	$ 62,957	$ 1,236,642	$ 802,518

See accompanying notes.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023
(With Summarized Comparative Totals for December 31, 2022)

	2023	2022
CHANGE IN NET ASSETS	$ (517,822)	$ 1,133,287
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	16,639	16,639
Operating lease right-of-use asset	3,438	3,390
Net unrealized and realized (gains) losses on investments	(32,860)	46,916
Change in operating assets and liabilities		
Unconditional promises to give	10,100	19,806
Grants receivable	178,807	(563,019)
Employee Retention Credit receivable	32,500	(49,900)
Inventory	(2,141)	(3,584)
Accounts payable	277,566	(10,897)
Accrued expenses	954	1,376
Operating lease liability	(3,438)	(3,390)
Net cash (used in) provided by operating activities	(36,257)	590,624
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(52,228)
Purchase of investments	(312,228)	(608,275)
Proceeds from sale of investments	819,093	105,480
Net cash provided by (used in) investing activities	506,865	(555,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(20,000)
Net cash (used in) financing activities	-	(20,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	470,608	15,601
CASH AND CASH EQUIVALENTS-Beginning of year	369,704	354,103
CASH AND CASH EQUIVALENTS-End of year	$ 840,312	$ 369,704
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ -	$ 288
Establishment of operating lease right-of-use asset and liability	$ -	$ 15,915

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - The financial statements of The Stickley Museum at Craftsman Farms, Inc. (the "Organization") have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – The Organization was incorporated on January 4, 1989 to develop, demonstrate, and deepen connections between history, design, lifestyle, and the natural environment, through the preservation of Craftsman Farms and the presentation of the ideals of Gustav Stickley and the Arts and Crafts movement in America. The Organization is located in the Township of Parsippany-Troy Hills, New Jersey. The Organization is supported primarily through donor contributions and grants. During 2015, the Organization changed its legal name from The Craftsman Farms Foundation, Inc. to The Stickley Museum at Craftsman Farms, Inc.

Tax Status and Incorporation – The Organization was incorporated under Title 15 of the revised statutes of the State of New Jersey as a nonprofit corporation. The corporation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for federal income taxes. The Organization has no uncertain tax positions at December 31, 2023 and 2022. Generally, in accordance with the statutes of limitations, the Organization is no longer subject to examinations by the Internal Revenue Service for returns filed prior to 2020. In addition, there were no interest or penalties related to income taxes included in the financial statements.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Revenue and Revenue Recognition – Revenues are derived primarily from admissions, programs fees and museum shop sales. Revenues are recognized in the periods in which goods and services are provided. The Organization receives grants and contracts from state and local agencies, as well as from private organizations, to be used for specific programs. Unconditional grant awards are recorded as contribution revenue in the period which they are awarded. Grants awards having the existence of a condition but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted contribution revenue until conditions of the award are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as deferred revenue when received and are recognized as contribution revenue when the awards are expended for the purpose of the grant or other conditions are satisfied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

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

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities.

Fixed Assets and Depreciation - Fixed assets are recorded at cost when purchased or at fair value at date of gift. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Major renewals and betterments are charged to fixed assets; maintenance, minor repairs and replacements which do not improve or extend the lives of the respective assets are expensed currently. The Organization continually evaluates whether current events or circumstances require adjustments to the carrying value or estimated useful lives of fixed assets.

Valuation of Long-Lived Assets - In accordance with the accounting pronouncements related to accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Inventory - Inventory consists of books, arts-and crafts style home décor, art prints, pottery and tiles, and Stickley-branded merchandise which are valued at the lower of cost or net realizable value on a first-in, first-out basis.

Advertising - The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 were $1,399 and $550, respectively.

Functional Expenses - Expenses are charged to each program based on direct expenditures that are incurred. Any program expenditures not directly chargeable are allocated to programs based on time spent.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of New Accounting Standards - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's right-of-use (ROU) assets.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a lease liability of $15,915, which represents the present value of the remaining operating lease payments of $16,431, discounted using the risk free rate, and a ROU asset of $15,915, which represents the operating lease liability of $15,915. The standard had a material impact on the statement of financial position but did not have a material impact on the statement of activities or the statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (ASC 326). The Organization has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective January 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Leases - The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, operating lease liabilities in liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)
The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liability.

NOTE 2 - PROMISES TO GIVE - Unconditional promises to give consist of the following:

	2023	2022
Restricted to rehabilitation of Education Center	$ -	$ 10,100
Less: unamortized discount	-	-
Net unconditional promises to give	$ -	$ 10,100
Amounts due in:		
Less than one year	$ -	$ 10,100
One to five years	-	-
Total	$ -	$ 10,100

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2%. Uncollectible amounts for unconditional promises to give are expected to be insignificant.

NOTE 3 – INVESTMENTS - At December 31, 2023 and 2022 investments were comprised of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	$ -	$ -	$ 500,000	$ 499,131
Mutual funds	287,554	294,302	-	-
Exchange traded funds	48,955	62,060	318,145	331,236
Total	$ 336,509	$ 356,362	$ 818,145	$ 830,367

The following schedule summarizes the investment return in the statement of activities for the years ended December 31, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 13,431	$ 24,280	$ 37,711
Realized gains	16,927	1,440	18,367
Unrealized gains	13,193	1,300	14,493
Total	$ 43,551	$ 27,020	$ 70,571

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 6,607	$ 733	$ 7,340
Realized gains	2,283	237	2,520
Unrealized (losses)	(44,946)	(4,490)	(49,436)
Total	$ (36,056)	$ (3,520)	$ (39,576)

Investment expenses relating to investment revenues for the years ended December 31, 2023 and 2022 were $15,022 and $4,911, respectively.

NOTE 4 – FAIR VALUE MEASUREMENTS – The Organization has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis as of December 31, 2023 and 2022, along with the basis for the determination of fair value:

	2023			
	Total	Quoted Prices In Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Certificates of deposit	$ -	$ -	$ -	$ -
Mutual Funds	294,302	294,302	-	-
Exchange traded funds	62,060	62,060	-	-
Total	$ 356,362	$ 356,362	$ -	$ -

	2022			
	Total	Quoted Prices In Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Certificates of deposit	$ 499,131	$ -	$ 499,131	$ -
Exchange traded funds	331,236	331,236	-	-
Total	$ 830,367	$ 331,236	$ 499,131	$ -

The Organization values such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. To the extent possible that such markets are not available, the Organization values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization develops measurement criteria based on the best information available (Level 3).

NOTE 5 – FIXED ASSETS AND DEPRECIATION - Fixed assets and accumulated depreciation at December 31, 2023 and 2022 were comprised of:

	Life Years	2023	2022
Equipment	5	$ 23,366	$ 23,366
Furniture and fixtures	7	139,438	139,438
		162,804	162,804
Less: accumulated depreciation		(68,876)	(52,237)
Net fixed assets		$ 93,928	$ 110,567

Depreciation expense for the years ended December 31, 2023 and 2022 totaled $16,639 and $16,639 respectively.

NOTE 6 – COLLECTION ITEMS – Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with unrestricted assets 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. The Organization adheres to the ethical principles and definition of direct care established by the American Alliance of Museums and considers direct care to entail actions that enhance the life, usefulness, or quality of the collection items to ensure they will continue to benefit the public. The proceeds from deaccession of collection items may be used for acquisitions of new collection items or the direct care of existing collections. Proceeds from deaccessions or insurance recoveries are reflected in the statement of activities based on the absence or existence and nature of donor-imposed restrictions.

The Organization's collection is comprised of items purchased and donated. The collection includes furniture, textiles, pottery, metalwork, historic household objects, books, works on paper, photographs, archival materials, and other items relating to the preservation and interpretation at this historic house museum. The Organization's staff ensures that the collection is protected and preserved.

NOTE 7 – LINE OF CREDIT – The Organization has a total available line of credit of $100,000 with a bank. The line of credit had no outstanding balances at December 31, 2023 and 2022. Interest on outstanding balances is based on the Wall Street Journal Prime Rate (the "Index"). The line of credit is secured by the Organization's investment account.

NOTE 8 – RESTRICTIONS ON NET ASSETS - In 2018, the Organization began The Education Center Rehabilitation Project to preserve the original, historic, ground-level garage area and reestablish the two upper levels on the historic stone foundation. The rehabilitated building houses a large, multi-use program space in the Stickley-era garage and the rebuilt upper levels serve as administrative offices, collections storage, and resource library. Financial support for the rehabilitation is through grant commitments from the Township of Parsippany-Troy Hills in New Jersey and the Morris County Historic Preservation Trust, and from a fundraising campaign conducted by the Organization. The rehabilitation was substantially complete in 2020.

Beginning in March 2022, the Organization began a project to rehabilitate the Annex (which was damaged by a falling tree) and restore the Log House kitchen to its appearance in Stickley's time. Monies provided by the Township of Parsippany-Troy Hills and a matching grant from the New Jersey Historic Trust are funding the construction and restoration work. Additional financial support to outfit the spaces has been provided by donors through a fundraising campaign led by the Organization. The contractor is expected to reach substantial completion by the end of June 2024.

Net assets with donor restrictions as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
The Education Center Rehabilitation Project	$ 20,328	$ 63,275
New Jersey Historic Trust - annex restoration	154,555	638,392
Endowment funds	500,200	500,000
Restricted for annex	21,042	11,572
Amy Stahl Memorial Fund-education programs	36,987	34,091
Library Resource Center	27,604	26,572
Log Ends	2,000	-
Collection Fund	12,405	3,729
Total	$ 775,121	$ 1,277,631

NOTE 9 - ENDOWMENT FUNDS - The Organization's endowment fund was established in 2022 to provide support for the executive director's salary. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be expended to support the executive director's salary. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Trustees of the Organization has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with SPMIFA, 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 purpose of 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, and (7) the investment policies of the Organization.

At December 31, 2023 and 2022, the endowment fund is composed of:

	2023	2022
Amounts required to be investment in perpetuity	$ 500,200	$ 500,000
Subject to appropriation for support of executive director's salary	-	-
Total donor-restricted endowment fund	$ 500,200	$ 500,000

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and to provide the program with current income. Endowment assets are invested in accordance with the Organization's administration and investment policies. The Organization seeks to build endowment assets through additional contributions. The Organization has a policy of appropriating for distribution the endowment fund's investment income as required to support the executive director's salary. This is consistent with the Organization's objectives to provide income for the executive director's salary, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

The composition and changes in the endowment net assets as of December 31, 2023 and 2022 are as follows:

	2023	2022
Endowment net assets, January 1	$ 500,000	$ -
Contributions	200	500,000
Investment return (net)	23,500	-
Amounts reported for expenditure	(23,500)	-
Endowment net assets, December 31	$ 500,200	$ 500,000

NOTE 10 – GRANTS - The Organization receives support from foundation and government grants. Support from these grants is not necessarily comparable on a year-to-year basis, and there is no assurance that such grants will always be received. The Organization is economically dependent on government grants to carry on certain specific projects. Entitlement to the resources is conditional upon compliance with the terms and conditions of the grant agreements and any applicable regulations. During 2023 and 2022 the terms and conditions of the grants were met by the Organization, and all costs included in the final reports to the respective grantor agencies included only eligible costs. Government grant awards that were expended during 2023 and 2022 included:

	2023	2022
New Jersey Historic Trust – Historic Preservation	$ 483,837	$ 111,608
New Jersey Historic Commission – Historic Preservation	51,498	62,995
Morris County Historic Preservation Trust Fund - Rehabilitation	-	35,642
Total	$ 535,335	$ 210,245

NOTE 11 – RESTORATION, PRESERVATION AND REHABILITATION – The Organization undertakes from time to time substantial historic restoration, preservation and rehabilitation efforts and financial results will accordingly vary substantially between years. Expenditures for restoration, preservation and rehabilitation are not reflected as an increase in assets since the property operated by the Organization is owned by the Township of Parsippany-Troy Hills (see Note 12). Additionally, grants and other funds for such projects may be received in years prior to the years of their expenditure.

NOTE 12 – COMMITMENTS – The Organization has had an operating agreement with the Township of Parsippany-Troy Hills since June 20, 1991, which was replaced by a successor agreement dated September 4, 2002. In addition, since July 2002 the Organization has had a lease with the Township which initially covered only the Main House but which now covers other buildings, including additional buildings sold by the Organization to the Township in 2007. The terms of the operating agreement and lease currently run until October 30, 2031 and the Organization has an option to extend the operating agreement and lease terms for an additional 25 years. The lease agreement requires lease payments of $5 annually. The Township provides certain maintenance and security services pursuant to the operating agreement. The Organization is required to provide periodic reports on its activities, strategic plans and financials pursuant to the operating agreement.

NOTE 13 – FACILITIES MAINTENANCE – A substantial amount of the expenses for facilities maintenance are paid by the Township of Parsippany-Troy Hills in accordance with the lease and operating agreement.

NOTE 14 – PENSION PLAN – During 2013 the Organization established a 401(k) Profit-Sharing Plan. The Plan covers employees who meet certain eligibility requirements. Employees who satisfy the eligibility requirements may make salary reduction contributions to the Plan equal to at least 1% but no more than 100% of his or her compensation. The Organization does not make matching contributions to the Plan.

NOTE 15 – LEASES -ASC 842 - The Organization is obligated under a lease for office equipment through 2026. As disclosed in Note 1, the Organization adopted FASB ASC 842 effective January 1, 2022. It is expected that this office lease will be renewed or replaced by a similar lease. The lease does not contain any escalation provisions. The Organization calculates the lease liabilities using a risk free rate of 1.37%.

Additional information about the Organization's operating lease is as follows for the year ended December 31, 2023 and 2022,

Lease costs (included in contracted services):	2023	2022
Operating lease cost	$3,585	$3,585
Other information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$3,585	$3,585
Establishment of operating right-of-use asset and liability	-	$15,915
Weighted-average remaining lease term (months)	31	43
Weighted-average discount rate	1.37%	1.37%

Future maturities of lease liabilities are presented in the following table, for the years ending December 31, 2023:

12/31/2024	$ 3,585
12/31/2025	3,585
12/31/2026	2,091
Total lease payments	9,261
Less present value discount	(174)
Present value of lease liability	$ 9,087

NOTE 16 - COMPARATIVE FINANCIAL INFORMATION - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses excluding depreciation. The Organization has an investment account which is an operating reserve for expenses in the event needed. The Organization does not believe it is necessary to draw on its investments currently, which are, therefore, designated as operating reserves:

	2023	2022
Cash and cash equivalents	$ 840,312	$ 369,704
Investments	356,362	830,367
Unconditional promises to give	-	10,100
Grants receivable	535,864	714,671
Employee Retention Credit receivable	17,400	49,900
Total financial assets	1,749,938	1,974,742
Contractual or donor-imposed restrictions	(775,121)	(1,277,631)
Operating reserves	(338,072)	(300,075)
Financial assets available to meet cash needs for general expenditures within one year	$ 636,745	$ 397,036

NOTE 18 - EMPLOYEE RETENTION CREDIT - The Employee Retention Credit (ERC), which was included as part of the CARES Act and amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA), provides for a refundable tax credit against certain employment taxes of up to $7,000 per employee for eligible employers. For 2021, the tax credit was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was $10,000 per quarter. The ERC was calculated as a percentage of qualified wages paid by an eligible employer. The Organization qualifies for the tax credit for the quarters ended March 31, 2021 and June 30, 2021, and the credits are approximately $32,500 and $17,400, respectively. The Organization chose to account for this federal funding in accordance with FASB ASC 958 and recognized $49,900 of revenue and is included in the statement of activities. As of December 31, 2023, the Organization had an ERC receivable of $17,400. The Organization received $32,500 in March 2023 relating to the quarter ended March 31, 2021 and is awaiting a response on payment for the quarter ended June 30, 2021.

NOTE 19 - SUBSEQUENTS EVENTS - Management has evaluated subsequent events through May 13, 2024, the date on which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
The Stickley Museum at Craftsman Farms, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of The Stickley Museum at Craftsman Farms, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Stickley Museum at Craftsman Farms, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Stickley Museum at Craftsman Farms, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Stickley Museum at Craftsman Farms, Inc's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Stickley Museum at Craftsman Farms, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
May 13, 2024