



Combined Financial Statements
and Supplementary Information

for

**THE NATIONAL SOCIETY OF THE
SONS OF THE AMERICAN
REVOLUTION AND RELATED
FOUNDATION**

Years Ended December 31, 2019 and 2018
with Report of Independent Auditors

CONTENTS

	<u>Pages</u>
Report of Independent Auditors.....	1 - 2
Combined Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5 - 6
Statements of Cash Flows.....	7
Notes to the Combined Financial Statements.....	8 - 24
Supplementary Information:	
Schedules of Combining Statements of Financial Position.....	25 - 26
Schedules of Combining Statements of Activities.....	27 - 28
Schedules of Combining Statements of Functional Expenses.....	29 - 30
Schedules of NSSAR Departmental Operations.....	31

Report of Independent Auditors

To the Trustees and the Executive Board
The National Society of the Sons of the American Revolution and Related Foundation
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying combined financial statements of the National Society of the Sons of the American Revolution and the SAR Foundation, Inc. (collectively, the Organization), which comprise the combined statements of financial position as of December 31, 2019 and 2018, the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
February 28, 2020

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Combined Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 851,769	\$ 1,047,800
Accounts receivable	33,402	34,096
Contributions receivable, net, current portion	93,738	85,450
Inventories	212,862	210,055
Prepaid expenses and other current assets	<u>88,207</u>	<u>99,255</u>
Total current assets	1,279,978	1,476,656
Property and equipment, net	10,065,565	9,623,076
Other assets:		
Investments	11,282,400	10,080,252
Contributions receivable, net, less current portion	211,090	98,225
Collections	<u>2,473,830</u>	<u>2,445,974</u>
Total other assets	<u>13,967,320</u>	<u>12,624,451</u>
Total assets	<u>\$ 25,312,863</u>	<u>\$ 23,724,183</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 74,333	\$ 66,658
Accrued expenses	31,403	25,506
Deferred revenues	42,783	58,781
Line of credit	<u>223,568</u>	<u>313,568</u>
Total current liabilities	372,087	464,513
Net assets:		
Without donor restrictions:		
Undesignated	566,157	765,658
Invested in property and equipment and collections	12,539,395	12,069,050
Designated by the Board for endowment	4,954,598	4,372,496
Designated by the Board for programs	<u>50,000</u>	<u>50,000</u>
Total net assets without donor restrictions	18,110,150	17,257,204
With donor restrictions:		
Perpetual in nature	1,415,433	1,326,447
Purpose restrictions	<u>5,415,193</u>	<u>4,676,019</u>
Total net assets with donor restrictions	<u>6,830,626</u>	<u>6,002,466</u>
Total net assets	<u>24,940,776</u>	<u>23,259,670</u>
Total liabilities and net assets	<u>\$ 25,312,863</u>	<u>\$ 23,724,183</u>

See accompanying notes to the combined financial statements.

THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION AND RELATED FOUNDATION

Combined Statements of Activities

Years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Per-capita dues and reinstatements	\$ 1,162,526	\$ -	\$ 1,162,526	\$ 1,134,275	\$ -	\$ 1,134,275
Admission fees	263,420	-	263,420	274,905	-	274,905
Supplemental fees	77,320	-	77,320	79,955	-	79,955
Net merchandise operations	110,294	-	110,294	120,617	-	120,617
Contributions and bequests	76,190	715,804	791,994	625,126	506,391	1,131,517
Meeting income (expense), net	1,140	-	1,140	(3,520)	-	(3,520)
Other income	14,341	-	14,341	12,718	-	12,718
Investment income (loss), net	468,353	1,337,746	1,806,099	(160,015)	(453,506)	(613,521)
Net assets released from restrictions:						
Satisfaction of program restrictions	251,848	(251,848)	-	317,229	(317,229)	-
Satisfaction of capital improvement restrictions	973,542	(973,542)	-	296,648	(296,648)	-
Total revenues, gains and other support	<u>3,398,974</u>	<u>828,160</u>	<u>4,227,134</u>	2,697,938	(560,992)	2,136,946
Expenses and losses:						
Program services expense:						
Patriotic	328,555	-	328,555	294,902	-	294,902
Genealogy	845,766	-	845,766	838,100	-	838,100
Education	551,500	-	551,500	478,616	-	478,616
Total program services expenses	<u>1,725,821</u>	<u>-</u>	<u>1,725,821</u>	1,611,618	-	1,611,618
Supporting services expense:						
Management and general	615,318	-	615,318	579,397	-	579,397
Fundraising	204,889	-	204,889	171,298	-	171,298
Total supporting services expenses	<u>820,207</u>	<u>-</u>	<u>820,207</u>	750,695	-	750,695
Collection deaccessions and impairments	-	-	-	4,350	-	4,350
Loss on disposal of property and equipment	-	-	-	789	-	789
Total expenses and losses	<u>2,546,028</u>	<u>-</u>	<u>2,546,028</u>	2,367,452	-	2,367,452
Change in net assets	852,946	828,160	1,681,106	330,486	(560,992)	(230,506)
Net assets, beginning of year	<u>17,257,204</u>	<u>6,002,466</u>	<u>23,259,670</u>	16,926,718	6,563,458	23,490,176
Net assets, end of year	<u>\$ 18,110,150</u>	<u>\$ 6,830,626</u>	<u>\$ 24,940,776</u>	<u>\$ 17,257,204</u>	<u>\$ 6,002,466</u>	<u>\$ 23,259,670</u>

See accompanying notes to the combined financial statements.

THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION AND RELATED FOUNDATION

Combined Statement of Functional Expenses

Year ended December 31, 2019

	Program Services				Management and General	Fundraising	Cost of Goods Sold	Total
	Patriotic	Genealogy	Education	Total				
Salaries, benefits and payroll taxes	\$ 23,258	\$ 583,999	\$ 195,071	\$ 802,328	\$ 372,122	\$ 102,511	\$ -	\$ 1,276,961
Special purpose expenses	29,205	14,936	141,591	185,732	-	-	-	185,732
Magazine	245,261	-	-	245,261	-	-	-	245,261
Library	-	16,074	-	16,074	-	-	-	16,074
Occupancy and maintenance	-	34,384	31,974	66,358	40,685	649	-	107,692
Supplies, printing and postage	-	14,598	4,469	19,067	8,346	59,502	-	86,915
President General discretionary fund	38,620	-	-	38,620	-	-	-	38,620
Professional fees	-	-	-	-	28,867	4,209	-	33,076
Merchandise cost of goods sold	-	-	-	-	-	-	446,989	446,989
Meeting expense	-	-	-	-	300,669	-	-	300,669
Information technology	3,821	26,754	26,754	57,329	19,109	956	-	77,394
Insurance	-	12,189	12,189	24,378	10,448	-	-	34,826
Training and travel	-	3,455	2,686	6,141	631	4,463	-	11,235
Advertising and promotion	-	-	-	-	2,896	16,774	-	19,670
Awards	8,311	-	-	8,311	-	-	-	8,311
Interest	-	-	-	-	9,863	-	-	9,863
Depreciation	-	135,025	135,025	270,050	115,736	255	-	386,041
Miscellaneous	-	5,879	1,741	7,620	6,615	15,570	-	29,805
Total expenses by function	348,476	847,293	551,500	1,747,269	915,987	204,889	446,989	3,315,134
Less expenses included with revenues or revenues included with expenses on the combined statement of activities:								
Magazine income	(19,921)	-	-	(19,921)	-	-	-	(19,921)
Library income	-	(1,527)	-	(1,527)	-	-	-	(1,527)
Merchandise cost of goods sold	-	-	-	-	-	-	(446,989)	(446,989)
Meeting expense	-	-	-	-	(300,669)	-	-	(300,669)
Total expenses included in the expense section on the combined statement of activities	\$ 328,555	\$ 845,766	\$ 551,500	\$ 1,725,821	\$ 615,318	\$ 204,889	\$ -	\$ 2,546,028

See accompanying notes to the combined financial statements.

THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION AND RELATED FOUNDATION

Combined Statement of Functional Expenses

Year ended December 31, 2018

	Program Services				Management and General	Fundraising	Cost of Goods Sold	Total
	Patriotic	Genealogy	Education	Total				
Salaries, benefits and payroll taxes	\$ 21,547	\$ 592,721	\$ 144,519	\$ 758,787	\$ 344,745	\$ 83,076	\$ -	\$ 1,186,608
Special purpose expenses	33,101	11,427	136,752	181,280	-	-	-	181,280
Magazine	222,477	-	-	222,477	-	-	-	222,477
Library	-	16,783	-	16,783	-	-	-	16,783
Occupancy and maintenance	-	34,067	30,563	64,630	39,075	562	-	104,267
Supplies, printing and postage	-	19,157	2,560	21,717	11,917	40,674	-	74,308
President General discretionary fund	32,527	-	-	32,527	-	-	-	32,527
Professional fees	-	-	2,475	2,475	28,044	5,031	-	35,550
Merchandise cost of goods sold	-	-	-	-	-	-	449,734	449,734
Meeting expense	-	-	-	-	289,663	-	-	289,663
Information technology	2,440	17,083	17,083	36,606	12,203	13,886	-	62,695
Insurance	-	12,467	12,467	24,934	10,687	-	-	35,621
Training and travel	-	4,687	1,153	5,840	1,425	3,284	-	10,549
Advertising and promotion	-	-	-	-	2,670	18,237	-	20,907
Awards	6,107	-	-	6,107	-	-	-	6,107
Interest	-	-	-	-	10,134	-	-	10,134
Depreciation	-	131,044	131,044	262,088	112,323	125	-	374,536
Miscellaneous	-	339	-	339	6,174	6,423	-	12,936
Total expenses by function	318,199	839,775	478,616	1,636,590	869,060	171,298	449,734	3,126,682
Less expenses included with revenues or revenues included with expenses on the combined statement of activities:								
Magazine income	(23,297)	-	-	(23,297)	-	-	-	(23,297)
Library income	-	(1,675)	-	(1,675)	-	-	-	(1,675)
Merchandise cost of goods sold	-	-	-	-	-	-	(449,734)	(449,734)
Meeting expense	-	-	-	-	(289,663)	-	-	(289,663)
Total expenses included in the expense section on the combined statement of activities	\$ 294,902	\$ 838,100	\$ 478,616	\$ 1,611,618	\$ 579,397	\$ 171,298	\$ -	\$ 2,362,313

See accompanying notes to the combined financial statements.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Combined Statements of Cash Flows

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	\$ 1,681,106	\$ (230,506)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	386,041	374,536
(Recovery) provision for uncollectible contributions	(198)	3,141
Realized and unrealized (gains) losses on investments	(1,534,914)	917,874
Contributed property and equipment	-	(550,000)
Contributions restricted for long-term purposes	(228,636)	(83,000)
Loss on disposal of property and equipment	-	789
Non-cash additions to collections	(14,981)	(27,468)
Collections deaccessions and impairments	-	4,350
Increase (decrease) in cash due to changes in:		
Accounts receivable	694	5,522
Contributions receivable	65,667	38,116
Inventories	(2,807)	8,796
Prepaid expenses and other current assets	11,048	(16,192)
Accounts payable	7,675	(292,525)
Accrued expenses	5,897	7,729
Deferred revenues	<u>(15,998)</u>	<u>(2,932)</u>
Net cash provided by operating activities	360,594	158,230
Cash flows from investing activities:		
Purchase of property and equipment	(828,530)	(240,370)
Purchase of collections	(12,875)	-
Sale (purchase) of investments, net	<u>332,766</u>	<u>(404,188)</u>
Net cash used in investing activities	(508,639)	(644,558)
Cash flows from financing activities:		
Payments on line of credit, net	(90,000)	(60,000)
Proceeds from contributions restricted for long-term purposes	<u>42,014</u>	<u>31,040</u>
Net cash used in financing activities	(47,986)	<u>(28,960)</u>
Net decrease in cash	(196,031)	(515,288)
Cash and cash equivalents, beginning of year	<u>1,047,800</u>	<u>1,563,088</u>
Cash and cash equivalents, end of year	\$ <u>851,769</u>	\$ <u>1,047,800</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 9,863	\$ 10,134

See accompanying notes to the combined financial statements.

THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION AND RELATED FOUNDATION

Notes to the Combined Financial Statements

1. Description of the Organization

The National Society of the Sons of the American Revolution (NSSAR) is a not-for-profit voluntary membership organization created June 9, 1906 by a special act of the Congress of the United States of America. NSSAR's main purposes are to foster patriotic, historical, and educational pursuits including those intended or designed to perpetuate the memory of those patriots who, by their service and sacrifice during the American Revolution, achieved the independence of the American people, and to maintain and extend the institutions of American freedom as expressed in the preamble of the Constitution of our country and the instructions of George Washington in his farewell address to the American people.

The SAR Foundation, Inc. (the Foundation) is a tax exempt organization established September 26, 2002 to hold and administer funds to support the patriotic, historical, and educational mission of NSSAR.

The accompanying combined financial statements include the accounts of the above named organizations (collectively, the Organization). The combined financial statements do not include the locally generated revenues of NSSAR's state or international chapters.

The Organization fulfills its mission by focusing their efforts in three primary service areas.

Patriotic

The Organization inspires the community with the principles on which our nation was founded by participating in civic and patriotic events with color guards that wear Revolutionary War uniforms. The Organization provides recognition for public service by presenting thousands of awards each year to law enforcement officers, public safety officers and other citizens who exemplify the best civic traditions of our nation.

Genealogy

The Organization supports research and presentations related to the history and people of the period 1750-1800. Through genealogy research, Organization members prove they are lineal descendants of an ancestor who was at all times unfailing in loyalty to, and rendered active service in the cause of American Independence. The Organization helps preserves these membership applications along with records relating to the events leading up to and during the American Revolution.

Education

Education Outreach is used to perpetuate knowledge of our founding documents and stories of patriotism, courage, sacrifice, tragedy, and triumph of the patriots who achieved the independence of the American people in the belief that these stories are universal ones of man's eternal struggle against tyranny, relevant to all time, and will inspire and strengthen each succeeding generation as it too is called upon to defend our freedoms on the battlefield and in our public institutions. The Organization supports youth award contests that promote character and foster civic responsibility.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies

The combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the combined financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Organization in the preparation of its combined financial statements:

Basis of Presentation

The combined financial statements are prepared by combining the financial statements of NSSAR and the Foundation. All inter-organizational balances and transactions have been eliminated in combination. Under GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions include the portion of expendable funds that are not subject to donor-imposed stipulations and include the following:

Undesignated: These net assets represent the portion of expendable funds available in operation of the Organization.

Invested in Property and Equipment and Collections: These net assets represent cumulative resources expended for property, equipment and collections, less accumulated depreciation recorded.

Board Designated - Endowment: These net assets represent funds without donor restrictions designated by the Board of Trustees to be used as endowments. This designation can only be released or revised in the future, to the extent not externally restricted, as a result of Board approval.

Board Designated - Programs: These net assets represent bequest funds without donor restrictions designated by the Board of Trustees for use by the Eagle Scout fund only.

Net Assets With Donor Restrictions include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. The Organization treats donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less that are not designated for a specific purpose. The Organization has a concentration of credit risk in that it typically maintains cash deposits in financial institutions in excess of federally insured limits. Management considers it very unlikely that any loss will result from the cash balance in excess of federal insurance limits.

Accounts Receivable

Accounts receivable consist primarily of amounts attributable to magazine advertising and merchandise sales. Management reviews accounts receivable for collectability by regularly evaluating individual receivables and by using historical experience with the same or similar customers. Management considers all accounts receivable to be fully collectable. Accordingly, no allowance for uncollectable accounts receivable is currently reflected in the accompanying combined financial statements.

Inventories

Inventories consist primarily of items held for sale to NSSAR members and are stated at the lower of cost (first-in, first-out basis) or net realizable value.

Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. 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 after one year are recorded at the present value of their estimated future cash flows. The discounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments

Investments are carried at fair value, generally determined by quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reflected in the combined statements of activities and changes in net assets. Receipt of donated investments is recorded at the quoted market value of the investments at the time of donation.

The Organization invests in fixed income securities, including government and corporate bonds, in publicly-traded stocks and mutual funds, and in other investment vehicles. These investments are subject to the risks common to financial markets, including interest rate risks, credit risks, and overall market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the combined statements of financial position.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Gain (loss) on investments includes the Organization's gains and losses on investments bought and sold as well as held during the year.

The Organization has elected not to further disaggregate the investments as displayed in Note 5 as additional risk information is not deemed material to the combined financial statements.

Property and Equipment

Land, buildings and equipment are stated at cost or, if donated, at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from five to forty years. Major renewals and betterments are capitalized while maintenance and repairs are expensed.

Collections

NSSAR has an extensive collection of genealogical and historical materials and documents. Purchased collection items are stated at cost at the date of acquisition. Donated collection items are valued at their estimated fair value at the date of the gift or bequest and are reported as contributions on the accompanying combined statements of activities and changes in net assets. Depreciation is not provided on the collections.

Impairments

The Organization periodically reviews the undepreciated values assigned to long-lived assets to determine if any impairments are indicated. During the year ended December 31, 2018, the Organization had appraisals performed on various collection items in conjunction with updating its insurance coverage. There were no impairments for the years ended December 31, 2019 or 2018.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Revenue and Revenue Recognition

Per-capita dues, which are non-refundable, are comprised of two exchange elements; 1) based on benefits received from the membership, and 2) the receipt of the quarterly magazine. The Organization recognizes the membership portion of the per-capita dues over the membership period, which is a calendar year, and the magazine portion at the time of shipping. Reinstatement, admission and supplemental fees are recognized when the service is provided. Merchandise sales are recognized at the time of shipment. The Organization records meeting income revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. With the exception of the benefits received in connection with per-capita dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

In instances where the timing of revenue recognition differs from the timing of invoicing and/or payment, the contracts generally do not include a significant financing component as the period between when the Organization transfers a promised good or service to the person and when the person pays for that good or service is one year or less. Deferred revenues as of December 31, 2019 and 2018 consist primarily of per-capita dues collected in advance of the upcoming calendar year.

The Organization recognizes contributions when cash, securities, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The core principle of ASU 2014-09 is to recognize revenues when a customer obtains control of a good or service, in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 by one year.

Effective January 1, 2019, the Organization adopted the requirements of ASU 2014-09 and all related amendments (the new revenue standard) to all contracts using the modified retrospective method. There was no adjustment necessary to the opening balance of net assets as a result of adopting the new revenue standard. The comparative information has not been restated and continues to be reported under the accounting standards in effect for the comparative period (Topic 605). For the year ended December 31, 2019, the Organization has determined that there are no significant differences between the amounts reported for revenue and contract assets and liabilities using Topic 605 and the accounting treatment used in accordance with the new revenue standard.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the program services, administration, and fundraising and development activities; however, the combined financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. There were no contributed goods or services received during the year ended December 31, 2019. The Organization received contributed goods and services in the amount of \$550,000 for the year ended December 31, 2018 for design development documents. The Organization recorded the contributed service as contribution revenue and property and equipment.

Functional Allocation of Expenses

The combined financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The combined statements of functional expenses present the natural classification detail of expenses by function. The expenses that are allocated include occupancy, maintenance, insurance and depreciation, which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, professional services, supplies, printing, postage, information technology expenses, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Income Taxes

NSSAR and the Foundation have been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) as non-profit organizations that are not private foundations. NSSAR is subject to income tax on certain unrelated business activity; however, allowable cost allocations have resulted in tax losses.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expenses were \$15,199 and \$11,356 for the years ended December 31, 2019 and 2018, respectively.

Reclassifications

Certain amounts in the 2018 combined financial statements have been reclassified to conform to the 2019 presentation with no impact on total assets, liabilities, net assets or changes in net assets.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

New Accounting Pronouncements Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, requiring all leases to be recognized on the Organization's statement of financial position as a right of use asset and a lease liability, unless the lease is a short term lease (generally a lease with a term of twelve months or less). At the commencement date of the lease, the Organization will recognize: 1) a lease liability for the Organization's obligation to make payments under the lease agreement, measured on a discounted basis; and 2) a right of use asset that represents the Organization's right to use, or control the use of, the specified asset for the lease term. The ASU originally required recognition and measurement of leases at the beginning of the earliest period presented using a modified retrospective transition method. In July 2018, the FASB issued ASU 2018-11, which provided an additional (and optional) transition method that permits application of the updated standard at the adoption date with recognition of a cumulative effect adjustment to the opening balance of net assets in the period of adoption. In November 2019, the FASB issued ASU 2019-10, which deferred the effective date of ASU 2016-02 for the Organization by one year. The updated standard will be effective for the Organization for the year ending December 31, 2021, with early adoption permitted. The Organization has not yet selected a transition method and is currently evaluating the effect that the new standard will have on its combined financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*, requiring a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the combined statement of activity and changes in net assets will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the year ending December 31, 2021, and the Organization is currently evaluating the effect the standard will have on the combined financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. ASU 2019-03 modifies the definition of the term collections and requires that a collection-holding entity disclose its policy for the use of proceeds from the collection items and deaccessioned (that is, removed from the collection). Also, under the ASU, if a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose the definition of direct care. This ASU is effective for the Organization beginning January 1, 2020. The Organization is currently evaluating the impact of this new guidance on its combined financial statements.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through February 28, 2020, the date that the combined financial statements were available to be issued.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

3. Liquidity and Availability

The following table reflects the Organization's financial assets available as of December 31 to meet general expenditures within one year of the combined financial statements date, reduced by amounts that are not available because of donor restrictions or Board designations. In the event the need arises to utilize the Board-designated funds for liquidity purposes, the principal could be expended by a three-fourths vote of the Board of Trustees and ratified by a three-fourths vote of the delegates at the annual Congress. Additionally, the Organization has a line of credit facility available to meet short-term needs. As of December 31, 2019 and 2018, the Organization had \$1,276,432 and \$1,186,432, respectively, available on this line of credit. See Note 8 for more information regarding the line of credit.

	<u>2019</u>	<u>2018</u>
Total assets	\$ 25,312,863	\$ 23,724,183
Less: Property and equipment	(10,065,565)	(9,623,076)
Less: Collections	(2,473,830)	(2,445,974)
Financial assets	12,773,468	11,655,133
Less: Donor imposed restrictions	(6,830,626)	(6,002,466)
Less: Board designated funds	(5,004,598)	(4,422,496)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>938,244</u>	 \$ <u>1,230,171</u>

4. Contributions Receivable

Contributions receivable as of December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
George Washington Fund	\$ 73,105	\$ 54,700
SAR Education Center and Museum	219,454	101,811
Other special purpose	26,468	41,992
	319,027	198,503
Less: Allowance	(6,752)	(6,950)
Less: Discounts to present value	(7,447)	(7,878)
	\$ <u>304,828</u>	\$ <u>183,675</u>

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

4. Contributions Receivable, continued

As of December 31, 2019 and 2018, contributions receivable are estimated to be collected as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 100,490	\$ 92,400
One year to five years	213,288	96,119
More than five years	<u>5,249</u>	<u>9,984</u>
	<u>\$ 319,027</u>	<u>\$ 198,503</u>

Contributions due after one year have been discounted to present value reflecting the time value of money using discount rates ranging between 1.59% and 1.69%.

5. Investments

Fair Value Measurement

The Organization classifies its assets and liabilities measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The asset's or liability'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 maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Organization in estimating the fair value of its assets and liabilities. There were no changes in the methodologies used to measure fair value during the years ended December 31, 2019 and 2018.

Money market funds and common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds and notes and U.S. Government and agency securities: Valued based on yields currently available on comparable securities of issuers with similar credit ratings in active markets.

Mutual funds: Valued at net asset value (NAV) of shares held by the Organization at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

The methods described prior may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

5. Investments, continued

Fair Value Measurement, continued

Fair value measurements of the Organization as of December 31 are summarized as follows:

<u>2019</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 440,048	\$ 440,048	\$ -	\$ -
U.S. government and agency securities	1,324,556	-	1,324,556	-
Corporate bonds and notes	327,102	-	327,102	-
Common stock	398,426	398,426	-	-
Mutual funds	<u>8,792,268</u>	<u>8,792,268</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,282,400</u>	<u>\$ 9,630,742</u>	<u>\$ 1,651,658</u>	<u>\$ -</u>
<u>2018</u>				
Money market funds	\$ 806,989	\$ 806,989	\$ -	\$ -
U.S. government and agency securities	1,348,407	-	1,348,407	-
Corporate bonds and notes	195,039	-	195,039	-
Common stock	4,046,165	4,046,165	-	-
Mutual funds	<u>3,683,652</u>	<u>3,683,652</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,080,252</u>	<u>\$ 8,536,806</u>	<u>\$ 1,543,446</u>	<u>\$ -</u>

Investment return for the years ended December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Realized gains	\$ 344,223	\$ 268,616
Unrealized gains (losses)	<u>1,190,691</u>	<u>(1,186,490)</u>
Total realized and unrealized gains (losses) on investments	1,534,914	(917,874)
Interest and dividends	310,757	347,266
Investment fees	<u>(39,572)</u>	<u>(42,913)</u>
Investment income (loss), net	<u>\$ 1,806,099</u>	<u>\$ (613,521)</u>

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

6. Property and Equipment

Property and equipment consists of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 819,480	\$ 819,480
Buildings and improvements	8,614,058	8,495,828
Furniture and equipment	1,133,670	906,297
Construction in progress	<u>1,649,000</u>	<u>1,205,552</u>
	12,216,208	11,427,157
Less accumulated depreciation	<u>(2,150,643)</u>	<u>(1,804,081)</u>
Property and equipment, net	<u>\$10,065,565</u>	<u>\$ 9,623,076</u>

Construction in progress as of December 31, 2019 and 2018 consists of initial costs incurred for design development for the SAR Education Center and Museum at the Organization's headquarters at 809 West Main Street in Louisville, Kentucky, which is expected to cost an additional \$6.3 million and be open to the public in 2026. Additionally, the December 31, 2018 balance included costs incurred towards a specialized computer systems and software that has subsequently been implemented.

Depreciation expense during the years ended December 31, 2019 and 2018 was \$386,041 and \$374,536, respectively.

7. Collections

Over time, NSSAR has obtained, through both acquisitions and donations, an extensive collection of genealogical and historical materials and documents.

Collections consists of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Library:		
Consists of family genealogies; American Revolution era county, state and local histories; miscellaneous biographies; bound volumes of periodicals; and other collectibles	\$ 1,397,059	\$ 1,395,868
Museum:		
Consists principally of American Revolution era paintings, sculptures, donated furnishing, antiques and artifacts	<u>1,076,771</u>	<u>1,050,106</u>
	<u>\$ 2,473,830</u>	<u>\$ 2,445,974</u>

NSSAR received non-cash contributions of library and museum collections totaling \$14,981 and \$27,468 during the years ended December 31, 2019 and 2018, respectively. There were no collections deaccessioned during the year ended December 31, 2019. Collections totaling \$4,350 were deaccessioned during the year ended December 31, 2018.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

8. Line of Credit

NSSAR has a \$1,500,000 bank line of credit bearing interest at the one-month LIBOR rate plus 1.50%, rounded up to the nearest 0.0625%, a rate of 3.25% and 4.00% as of December 31, 2019 and 2018, respectively. The line of credit is payable in monthly interest only payments with the outstanding principal balance, plus the unpaid interest accrued thereon, due at maturity in October 2020. The Foundation's investments are pledged as collateral. The amount outstanding under the bank line of credit was \$223,568 and \$313,568 as of December 31, 2019 and 2018, respectively.

9. Endowment Funds

The Organization's endowment fund includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, 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 Commonwealth of Kentucky enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after enactment. The Organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds.

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies as perpetual in nature net assets with donor restrictions the original value of gifts donated to the permanent endowment and accumulations to the permanent 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 endowment that is not classified perpetual in nature is classified as purpose restricted until appropriated for expenditure by the Organization.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

9. Endowment Funds, continued

As of December 31 endowment investments consist of the following:

<u>2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 4,954,598	\$ -	\$ 4,954,598
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,484,363	1,484,363
Accumulated investment gains	<u>-</u>	<u>872,609</u>	<u>872,609</u>
Total endowment funds	<u>\$ 4,954,598</u>	<u>\$ 2,356,972</u>	<u>\$ 7,311,570</u>
<u>2018</u>			
Board designated	\$ 4,372,496	\$ -	\$ 4,372,496
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,372,163	1,372,163
Accumulated investment gains	<u>-</u>	<u>628,352</u>	<u>628,352</u>
Total endowment funds	<u>\$ 4,372,496</u>	<u>\$ 2,000,515</u>	<u>\$ 6,373,011</u>

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

9. Endowment Funds, continued

Changes in endowment investments are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2018	\$ 4,749,728	\$ 2,076,820	\$ 6,826,548
Investment return:			
Investment income	145,650	49,486	195,136
Net depreciation	<u>(417,956)</u>	<u>(161,976)</u>	<u>(579,932)</u>
Total investment return	(272,306)	(112,490)	(384,796)
Contributions	2,889	66,233	69,122
Appropriation for expenditures	<u>(107,815)</u>	<u>(30,048)</u>	<u>(137,863)</u>
Endowment net assets, December 31, 2018	4,372,496	2,000,515	6,373,011
Investment return:			
Investment income	292,525	108,126	400,651
Net appreciation	<u>576,410</u>	<u>192,568</u>	<u>768,978</u>
Total investment return	868,935	300,694	1,169,629
Contributions	-	93,678	93,678
Appropriation for expenditures	(288,000)	(37,915)	(325,915)
Transfer to board designated endowment funds	<u>1,167</u>	<u>-</u>	<u>1,167</u>
Endowment net assets, December 31, 2019	<u>\$ 4,954,598</u>	<u>\$ 2,356,972</u>	<u>\$ 7,311,570</u>

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Organization's spending and investment policies work together to achieve this objective through the diversification of asset classes. The current long term objective is to exceed a strategic blend of benchmark over five-year rolling periods, using benchmarks mutually agreed upon between the investment advisor and the Organization. Actual investment returns in any given fiscal year may vary from this objective.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (unrealized and realized) and current yield (interest and dividend income). The Organization targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long-term objectives within prudent risk parameters.

The spending policy determines the amount of money in a given year that may be distributed from the Organization's various endowment funds. The spending policy allows for a distribution equal to 4% of the average of the three years' beginning period endowment values.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
SAR Education Center and Museum	\$ 332,450	\$ 285,985
Special Purpose funds	3,905,310	3,578,007
Promise to give, the proceeds from which have been restricted by donors for:		
SAR Education Center and Museum	209,770	97,501
Special Purpose funds	<u>26,124</u>	<u>40,458</u>
	4,473,654	4,001,951
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Adams Memorial Middle School brochure contest	12,500	12,500
Building and Outreach Education endowment	1,200	1,200
Council of Youth Awards	12,000	12,000
George Washington endowment	1,335,707	1,246,721
Roger Ruth endowment	<u>54,026</u>	<u>54,026</u>
	1,415,433	1,326,447
Subject to the Organization's endowment spending policy and appropriation:		
Adams Memorial Middle School brochure contest	8,020	4,389
George Washington endowment	844,463	616,130
Roger Ruth endowment	20,122	7,833
Unconditional promises to give, net - permanently restricted to George Washington endowment	<u>68,934</u>	<u>45,716</u>
	<u>941,539</u>	<u>674,068</u>
Total endowments	<u>2,356,972</u>	<u>2,000,515</u>
Total net assets with donor restrictions	<u>\$ 6,830,626</u>	<u>\$ 6,002,466</u>

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

11. Operating Leases

NSSAR currently leases certain office equipment under various separate operating leases. As of December 31, 2019, the operating leases have combined base rental payments of \$1,519 per month. The leases expire in various terms through December 2024. Rental expense related to these operating leases for the years ended December 31, 2019 and 2018 totaled \$10,434 and \$13,266, respectively.

Minimum contracted future lease payments under these operating leases are as follows:

Year ending December 31,	
2020	\$ 18,233
2021	18,233
2022	18,233
2023	18,233
2024	<u>14,642</u>
	<u>\$ 87,574</u>

12. Revenue

All of the Organization's revenue derived from contracts with customers is recorded at the point in time when a fee is received or the control of the merchandise is transferred, except for the benefits received in connection with the per-capita dues, which are recognized over the length of the membership period.

Revenue recognized from contracts with customers by timing of revenue recognition for the year ended December 31, 2019, is as follows:

Fees and merchandise transferred at a point in time	\$ 1,585,986
Fees transferred over time	<u>797,820</u>
Total revenue	<u>\$ 2,383,806</u>

Other than accounts receivables and deferred revenues, there were no assets or liabilities arising from contracts with customers as of December 31, 2019 and 2018.

13. Simple IRA Plan

NSSAR has a Simple IRA Plan (the Plan) that allows for employees who received at least \$5,000 of compensation in the prior year to participate. Employer contributions to the Plan are at the discretion of NSSAR and are based on a percentage of the employees' gross salaries. Employer contributions to the Plan during the years ended December 31, 2019 and 2018 totaled \$28,605 and \$23,330, respectively.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Notes to the Combined Financial Statements, continued

14. Concentrations

As of December 31, 2019 no donor met the pledges receivable threshold for disclosure. As of December 31, 2018, one donor represented approximately 16% of net pledges receivable. During the year ended December 31, 2019 the Organization did not have a donor that met the contribution threshold for disclosure. During the year ended December 31, 2018, the Organization received approximately 49% of total contributions and bequests from one donor.

15. Commitments and Contingencies

National meetings are an essential part of NSSAR's operations. As such, NSSAR enters into contracts with various hotels when reserving facilities. These contracts typically require a cancellation fee which increases as the event draws near. As of December 31, 2019, NSSAR had entered into five such contracts for events scheduled to occur through 2022. The estimated cancellation fees range from approximately \$106,000 to \$246,000.

In February 2016 NSSAR entered into an agreement with King's College London (KCL) to establish the SAR Visiting Professorship at KCL. The original agreement called for three payments of \$38,600 to be made on or before March 1, 2016, 2017 and 2018 to KCL. NSSAR made the 2016 and 2017 payments. In July 2017 NSSAR amended the agreement with KCL to extend the original agreement through March 1, 2020. The amendment called for future payments to be made on March 1, 2018, 2019 and 2020, with each payment being split between \$22,000 going to the American host institution of the SAR Visiting Professor and 8,500 British Pounds going to KCL. NSSAR made the payment in both 2019 and 2018.

SUPPLEMENTARY INFORMATION

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Schedule of Combining Statements of Financial Position

December 31, 2019

Assets	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Current assets:				
Cash and cash equivalents	\$ 488,531	\$ 363,238	\$ -	\$ 851,769
Accounts receivable	33,402	-	-	33,402
Contributions receivable, net, current portion	21,138	72,600	-	93,738
Inventories	212,862	-	-	212,862
Prepaid expenses and other assets	85,721	2,486	-	88,207
Due from the Foundation	<u>139,826</u>	<u>-</u>	<u>(139,826)</u>	<u>-</u>
Total current assets	981,480	438,324	(139,826)	1,279,978
Property and equipment, net	10,064,349	1,216	-	10,065,565
Other assets:				
Investments	2,371,676	8,910,724	-	11,282,400
Contributions receivable, net, less current portion	47,796	163,294	-	211,090
Collections	<u>2,473,830</u>	<u>-</u>	<u>-</u>	<u>2,473,830</u>
Total other assets	<u>4,893,302</u>	<u>9,074,018</u>	<u>-</u>	<u>13,967,320</u>
Total assets	<u>\$ 15,939,131</u>	<u>\$ 9,513,558</u>	<u>\$ (139,826)</u>	<u>\$ 25,312,863</u>
 Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 48,810	\$ 25,523	\$ -	\$ 74,333
Accrued expenses	29,855	1,548	-	31,403
Deferred revenues	42,783	-	-	42,783
Line of credit	223,568	-	-	223,568
Due to NSSAR	<u>-</u>	<u>139,826</u>	<u>(139,826)</u>	<u>-</u>
Total current liabilities	345,016	166,897	(139,826)	372,087
Net Assets:				
Without donor restrictions:				
Undesignated	348,100	218,057	-	566,157
Invested in property and equipment and collections	12,538,179	1,216	-	12,539,395
Designated by the Board for endowment	-	4,954,598	-	4,954,598
Designated by the Board for programs	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total net assets without donor restrictions	12,886,279	5,223,871	-	18,110,150
With donor restrictions:				
Perpetual in nature	1,335,707	79,726	-	1,415,433
Purpose restrictions	<u>1,372,129</u>	<u>4,043,064</u>	<u>-</u>	<u>5,415,193</u>
Total net assets with donor restrictions	<u>2,707,836</u>	<u>4,122,790</u>	<u>-</u>	<u>6,830,626</u>
Total net assets	<u>15,594,115</u>	<u>9,346,661</u>	<u>-</u>	<u>24,940,776</u>
Total liabilities and net assets	<u>\$ 15,939,131</u>	<u>\$ 9,513,558</u>	<u>\$ (139,826)</u>	<u>\$ 25,312,863</u>

See report of independent auditors.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Schedule of Combining Statements of Financial Position

December 31, 2018

Assets	NSSAR	Foundation	Eliminations	Combined
Current assets:				
Cash and cash equivalents	\$ 598,454	\$ 449,346	\$ -	\$ 1,047,800
Accounts receivable	34,096	-	-	34,096
Contributions receivable, net, current portion	16,850	68,600	-	85,450
Inventories	210,055	-	-	210,055
Prepaid expenses and other assets	97,581	1,674	-	99,255
Due from the Foundation	<u>253,013</u>	<u>-</u>	<u>(253,013)</u>	<u>-</u>
Total current assets	1,210,049	519,620	(253,013)	1,476,656
Property and equipment, net	9,622,254	822	-	9,623,076
Other assets:				
Investments	2,020,592	8,059,660	-	10,080,252
Contributions receivable, net, less current portion	28,866	69,359	-	98,225
Collections	<u>2,445,974</u>	<u>-</u>	<u>-</u>	<u>2,445,974</u>
Total other assets	<u>4,495,432</u>	<u>8,129,019</u>	<u>-</u>	<u>12,624,451</u>
Total assets	<u>\$ 15,327,735</u>	<u>\$ 8,649,461</u>	<u>\$ (253,013)</u>	<u>\$ 23,724,183</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 58,802	\$ 7,856	\$ -	\$ 66,658
Accrued expenses	24,456	1,050	-	25,506
Deferred revenues	58,781	-	-	58,781
Loan payable	313,568	-	-	313,568
Due to NSSAR	<u>-</u>	<u>253,013</u>	<u>(253,013)</u>	<u>-</u>
Total current liabilities	455,607	261,919	(253,013)	464,513
Net assets:				
Without donor restrictions:				
Undesignated	895,334	(129,676)	-	765,658
Invested in property and equipment and collections	12,068,227	823	-	12,069,050
Designated by the Board for endowment	-	4,372,496	-	4,372,496
Designated by the Board for programs	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total net assets without donor restrictions	12,963,561	4,293,643	-	17,257,204
With donor restrictions:				
Perpetual in nature	1,246,721	79,726	-	1,326,447
Purpose restrictions	<u>661,846</u>	<u>4,014,173</u>	<u>-</u>	<u>4,676,019</u>
Total net assets with donor restrictions	<u>1,908,567</u>	<u>4,093,899</u>	<u>-</u>	<u>6,002,466</u>
Total net assets	<u>14,872,128</u>	<u>8,387,542</u>	<u>-</u>	<u>23,259,670</u>
Total liabilities and net assets	<u>\$ 15,327,735</u>	<u>\$ 8,649,461</u>	<u>\$ (253,013)</u>	<u>\$ 23,724,183</u>

See report of independent auditors.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Schedule of Combining Statement of Activities

Year ended December 31, 2019

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Revenues, gains and other support:				
Per-capita dues and reinstatements	\$ 1,162,526	\$ -	\$ -	\$ 1,162,526
Admission fees	263,420	-	-	263,420
Supplemental fees	77,320	-	-	77,320
Net merchandise operations	110,294	-	-	110,294
Contributions and bequests	286,177	505,817	-	791,994
Other income	14,341	-	-	14,341
Meeting income, net	1,140	-	-	1,140
Net investment return	<u>296,949</u>	<u>1,509,150</u>	<u>-</u>	<u>1,806,099</u>
Total revenues, gains and other support	2,212,167	2,014,967	-	4,227,134
Expenses and losses:				
Program services expenses:				
Patriotic	328,555	-	-	328,555
Genealogy	845,766	-	-	845,766
Education	<u>551,500</u>	<u>-</u>	<u>-</u>	<u>551,500</u>
Total program services expenses	1,725,821	-	-	1,725,821
Supporting service expenses:				
Management and general	615,318	-	-	615,318
Fundraising	<u>23,256</u>	<u>181,633</u>	<u>-</u>	<u>204,889</u>
Total supporting services expenses	<u>638,574</u>	<u>181,633</u>	<u>-</u>	<u>820,207</u>
Total expenses and losses	2,364,395	181,633	-	2,546,028
Transfers from the Foundation, net	<u>874,215</u>	<u>(874,215)</u>	<u>-</u>	<u>-</u>
Change in net assets	721,987	959,119	-	1,681,106
Net assets, beginning of year	<u>14,872,128</u>	<u>8,387,542</u>	<u>-</u>	<u>23,259,670</u>
Net assets, end of year	<u>\$ 15,594,115</u>	<u>\$ 9,346,661</u>	<u>\$ -</u>	<u>\$ 24,940,776</u>

See report of independent auditors.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Schedule of Combining Statement of Activities

Year ended December 31, 2018

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Revenues, gains and other support:				
Per-capita dues and reinstatements	\$ 1,134,275	\$ -	\$ -	\$ 1,134,275
Admission fees	274,905	-	-	274,905
Supplemental fees	79,955	-	-	79,955
Net merchandise operations	120,617	-	-	120,617
Contributions and bequests	787,577	343,940	-	1,131,517
Other income	12,718	-	-	12,718
Meeting expense, net	(3,520)	-	-	(3,520)
Net investment return	<u>(78,940)</u>	<u>(534,581)</u>	<u>-</u>	<u>(613,521)</u>
Total revenues, gains and other support	2,327,587	(190,641)	-	2,136,946
Expenses and losses:				
Program services expenses:				
Patriotic	294,902	-	-	294,902
Genealogy	838,100	-	-	838,100
Education	<u>478,616</u>	<u>-</u>	<u>-</u>	<u>478,616</u>
Total program services expenses	1,611,618	-	-	1,611,618
Supporting service expenses:				
Management and general	579,397	-	-	579,397
Fundraising	<u>21,548</u>	<u>149,750</u>	<u>-</u>	<u>171,298</u>
Total supporting services expenses	600,945	149,750	-	750,695
Collection deaccessions and impairments	4,350	-	-	4,350
Loss on disposal of property and equipment	<u>789</u>	<u>-</u>	<u>-</u>	<u>789</u>
Total expenses and losses	2,217,702	149,750	-	2,367,452
Transfers from the Foundation, net	<u>351,590</u>	<u>(351,590)</u>	<u>-</u>	<u>-</u>
Change in net assets	461,475	(691,981)	-	(230,506)
Net assets, beginning of year	<u>14,410,653</u>	<u>9,079,523</u>	<u>-</u>	<u>23,490,176</u>
Net assets, end of year	<u>\$ 14,872,128</u>	<u>\$ 8,387,542</u>	<u>\$ -</u>	<u>\$ 23,259,670</u>

See report of independent auditors.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Schedule of Combining Statement of Functional Expenses

Year ended December 31, 2019

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Salaries, benefits and payroll taxes	\$ 1,197,708	\$ 79,254	\$ -	\$ 1,276,962
Special purpose expenses	185,732	-	-	185,732
Magazine	245,261	-	-	245,261
Library	16,074	-	-	16,074
Occupancy and maintenance	107,042	649	-	107,691
Supplies, printing and postage	27,412	59,502	-	86,914
President General discretionary fund	38,620	-	-	38,620
Professional fees	28,867	4,209	-	33,076
Merchandise cost of goods sold	446,989	-	-	446,989
Meeting expense	300,669	-	-	300,669
Information technology	76,438	956	-	77,394
Insurance	34,827	-	-	34,827
Training and travel	6,772	4,463	-	11,235
Advertising and promotion	2,896	16,774	-	19,670
Awards	8,311	-	-	8,311
Interest	9,863	-	-	9,863
Depreciation	385,786	255	-	386,041
Miscellaneous	<u>14,234</u>	<u>15,571</u>	<u>-</u>	<u>29,805</u>
 Total functional expenses	 3,133,501	 181,633	 -	 3,315,134
 Less expenses included with revenues and revenues included with expenses on the combined statement of activities				
 Magazine income	 (19,921)	 -	 -	 (19,921)
Library income	(1,527)	-	-	(1,527)
Merchandise cost of goods sold	(446,989)	-	-	(446,989)
Meeting expense	<u>(300,669)</u>	<u>-</u>	<u>-</u>	<u>(300,669)</u>
 Total expenses included in the expense section on the combined statement of activities	 <u>\$ 2,364,395</u>	 <u>\$ 181,633</u>	 <u>\$ -</u>	 <u>\$ 2,546,028</u>

See report of independent auditors.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Schedule of Combining Statement of Functional Expenses

Year ended December 31, 2018

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Salaries, benefits and payroll taxes	\$ 1,125,079	\$ 61,529	\$ -	\$ 1,186,608
Special purpose expenses	181,280	-	-	181,280
Magazine	222,477	-	-	222,477
Library	16,783	-	-	16,783
Occupancy and maintenance	103,705	562	-	104,267
Supplies, printing and postage	33,634	40,674	-	74,308
President General discretionary fund	32,527	-	-	32,527
Professional fees	30,519	5,031	-	35,550
Merchandise cost of goods sold	449,734	-	-	449,734
Meeting expense	289,663	-	-	289,663
Information technology	48,810	13,885	-	62,695
Insurance	35,621	-	-	35,621
Training and travel	7,265	3,284	-	10,549
Advertising and promotion	2,670	18,237	-	20,907
Awards	6,107	-	-	6,107
Interest	10,134	-	-	10,134
Depreciation	374,411	125	-	374,536
Miscellaneous	<u>6,514</u>	<u>6,422</u>	<u>-</u>	<u>12,936</u>
 Total functional expenses	 2,976,933	 149,749	 -	 3,126,682
 Less expenses included with revenues and revenues included with expenses on the combined statement of activities				
 Magazine income	 (23,297)	 -	 -	 (23,297)
Library income	(1,675)	-	-	(1,675)
Merchandise cost of goods sold	(449,734)	-	-	(449,734)
Meeting expense	<u>(289,663)</u>	<u>-</u>	<u>-</u>	<u>(289,663)</u>
 Total expenses included in the expense section on the combined statement of activities	 <u>\$ 2,212,564</u>	 <u>\$ 149,749</u>	 <u>\$ -</u>	 <u>\$ 2,362,313</u>

See report of independent auditors.

**THE NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
AND RELATED FOUNDATION**

Schedules of NSSAR Departmental Operations

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Merchandise operations:		
Sales	\$ 557,283	\$ 570,351
Cost of sales:		
Beginning inventory	210,055	218,851
Purchases	222,639	210,517
Payroll and employee benefits	151,514	148,559
Other costs	<u>75,643</u>	<u>81,862</u>
	659,851	659,789
Less: ending inventory	<u>(212,862)</u>	<u>(210,055)</u>
Total cost of sales	<u>446,989</u>	<u>449,734</u>
Net merchandise operations revenue	\$ <u>110,294</u>	\$ <u>120,617</u>
Magazine operations:		
Magazine publication and distribution costs	\$ 245,261	\$ 222,477
Less: Magazine advertising income	(19,320)	(22,784)
Less: Non-member subscription income	<u>(601)</u>	<u>(513)</u>
Net magazine operations expense	\$ <u>225,340</u>	\$ <u>199,180</u>
Library operations:		
Payroll and employee benefits	\$ 156,846	\$ 194,053
Other expenses	16,388	16,783
Less: Copying fees	(266)	(414)
Less: User fees	<u>(1,261)</u>	<u>(1,261)</u>
Net library operations expense	\$ <u>171,707</u>	\$ <u>209,161</u>

See report of independent auditors.