



Combined Financial Statements  
and Supplementary Information

for

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

Years Ended December 31, 2020 and 2019  
with Report of Independent Auditors

## CONTENTS

### Pages

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 - 25
Supplementary Information:	
Schedules of Combining Statements of Financial Position.....	26 - 27
Schedules of Combining Statements of Activities.....	28 - 29
Schedules of Combining Statements of Functional Expenses.....	30 - 31
Schedules of NSSAR Departmental Operations.....	32

## **Report of Independent Auditors**

Trustees and the Executive Board  
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, 2020 and 2019, 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, 2020 and 2019, 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  
March 6, 2021

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

Combined Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 702,235	\$ 851,769
Accounts receivable	15,785	33,402
Contributions receivable, net, current portion	94,019	93,738
Inventories	213,323	212,862
Prepaid expenses and other current assets	<u>108,885</u>	<u>88,207</u>
Total current assets	1,134,247	1,279,978
Property and equipment, net	10,259,091	10,065,565
Other assets:		
Investments	12,316,257	11,282,400
Contributions receivable, net, less current portion	168,471	211,090
Collections	<u>2,527,437</u>	<u>2,473,830</u>
Total other assets	15,012,165	13,967,320
Total assets	<u>\$ 26,405,503</u>	<u>\$ 25,312,863</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 78,089	\$ 74,333
Accrued expenses	39,184	31,403
Deferred revenues	40,113	42,783
Line of credit	<u>133,568</u>	<u>223,568</u>
Total current liabilities	290,954	372,087
Net assets:		
Without donor restrictions:		
Undesignated	520,477	566,157
Invested in property and equipment and collections	12,786,528	12,539,395
Designated by the Board for endowment	5,123,434	4,954,598
Designated by the Board for programs	<u>50,000</u>	<u>50,000</u>
Total net assets without donor restrictions	18,480,439	18,110,150
With donor restrictions:		
Perpetual in nature	1,551,133	1,415,433
Purpose restrictions	<u>6,082,977</u>	<u>5,415,193</u>
Total net assets with donor restrictions	7,634,110	6,830,626
Total net assets	<u>26,114,549</u>	<u>24,940,776</u>
Total liabilities and net assets	<u>\$ 26,405,503</u>	<u>\$ 25,312,863</u>

See accompanying notes to the combined financial statements.

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

## Combined Statements of Activities

Years ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Per-capita dues and reinstatements	\$ 1,139,713	\$ -	\$ 1,139,713	\$ 1,162,526	\$ -	\$ 1,162,526
Admission fees	246,218	-	246,218	263,420	-	263,420
Supplemental fees	86,905	-	86,905	77,320	-	77,320
Net merchandise operations	35,290	-	35,290	110,294	-	110,294
Contributions and bequests	89,758	616,992	706,750	76,190	715,804	791,994
Meeting income, net	32,292	-	32,292	1,140	-	1,140
Other income	48,812	-	48,812	14,341	-	14,341
Investment income, net	243,061	872,565	1,115,626	468,353	1,337,746	1,806,099
Net assets released from restrictions:						
Satisfaction of program restrictions	87,145	(87,145)	-	251,848	(251,848)	-
Satisfaction of capital improvement restrictions	598,928	(598,928)	-	973,542	(973,542)	-
Total revenues, gains and other support	2,608,122	803,484	3,411,606	3,398,974	828,160	4,227,134
Expenses and losses:						
Program services expense:						
Patriotic	307,948	-	307,948	328,555	-	328,555
Genealogy	848,290	-	848,290	845,766	-	845,766
Education	530,416	-	530,416	551,500	-	551,500
Total program services expenses	1,686,654	-	1,686,654	1,725,821	-	1,725,821
Supporting services expense:						
Management and general	650,730	-	650,730	615,318	-	615,318
Fundraising	158,039	-	158,039	204,889	-	204,889
Total supporting services expenses	808,769	-	808,769	820,207	-	820,207
Total expenses and losses	2,495,423	-	2,495,423	2,546,028	-	2,546,028
Other income (expense):						
Collection deaccessions	(17,000)	-	(17,000)	-	-	-
Gain forgiveness on Paycheck Protection Program (PPP) Loan	274,590	-	274,590	-	-	-
Total other income	257,590	-	257,590	-	-	-
Change in net assets	370,289	803,484	1,173,773	852,946	828,160	1,681,106
Net assets, beginning of year	18,110,150	6,830,626	24,940,776	17,257,204	6,002,466	23,259,670
Net assets, end of year	<u>\$ 18,480,439</u>	<u>\$ 7,634,110</u>	<u>\$ 26,114,549</u>	<u>\$ 18,110,150</u>	<u>\$ 6,830,626</u>	<u>\$ 24,940,776</u>

See accompanying notes to the combined financial statements.

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

## Combined Statement of Functional Expenses

Year ended December 31, 2020

	Program Services				Management and General	Fundraising	Cost of Goods Sold	Total
	Patriotic	Genealogy	Education	Total				
Salaries, benefits and payroll taxes	\$ 24,521	\$ 608,910	\$ 195,575	\$ 829,006	\$ 392,329	\$ 95,446	\$ -	\$ 1,316,781
Special purpose expenses	27,538	3,267	130,765	161,570	-	-	-	161,570
Magazine	240,363	-	-	240,363	-	-	-	240,363
Library	-	13,092	-	13,092	-	-	-	13,092
Occupancy and maintenance	-	32,306	30,177	62,483	36,909	608	-	100,000
Supplies, printing and postage	-	15,265	615	15,880	21,156	18,808	-	55,844
President General discretionary fund	28,750	-	-	28,750	-	-	-	28,750
Professional services	-	-	-	-	29,007	5,451	-	34,458
Merchandise cost of goods sold	-	-	-	-	-	-	355,686	355,686
Information technology	3,455	24,185	24,185	51,825	17,275	622	-	69,722
Insurance	-	12,492	12,492	24,984	10,708	-	-	35,692
Training and travel	-	517	-	517	723	1,269	-	2,509
Advertising and promotion	-	-	-	-	13,195	15,950	-	29,145
Awards	1,016	-	-	1,016	-	-	-	1,016
Interest	-	-	-	-	3,652	-	-	3,652
Depreciation	-	134,120	134,120	268,240	114,960	130	-	383,330
Miscellaneous	-	4,408	2,487	6,895	10,816	19,755	-	37,466
<b>Total expenses by function</b>	<b>325,643</b>	<b>848,562</b>	<b>530,416</b>	<b>1,704,621</b>	<b>650,730</b>	<b>158,039</b>	<b>355,686</b>	<b>2,869,076</b>
Less expenses included with revenues or revenues included with expenses on the combined statement of activities:								
Magazine income	(17,695)	-	-	(17,695)	-	-	-	(17,695)
Library income	-	(272)	-	(272)	-	-	-	(272)
Merchandise cost of goods sold	-	-	-	-	-	-	(355,686)	(355,686)
<b>Total expenses included in the expense section on the combined statement of activities</b>	<b>\$ 307,948</b>	<b>\$ 848,290</b>	<b>\$ 530,416</b>	<b>\$ 1,686,654</b>	<b>\$ 650,730</b>	<b>\$ 158,039</b>	<b>\$ -</b>	<b>\$ 2,495,423</b>

*See accompanying notes to the combined financial statements.*

# 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 services	-	-	-	-	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
<b>Total expenses by function</b>	<b>348,476</b>	<b>847,293</b>	<b>551,500</b>	<b>1,747,269</b>	<b>915,987</b>	<b>204,889</b>	<b>446,989</b>	<b>3,315,134</b>
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)
<b>Total expenses included in the expense section on the combined statement of activities</b>	<b>\$ 328,555</b>	<b>\$ 845,766</b>	<b>\$ 551,500</b>	<b>\$ 1,725,821</b>	<b>\$ 615,318</b>	<b>\$ 204,889</b>	<b>\$ -</b>	<b>\$ 2,546,028</b>

*See accompanying notes to the combined financial statements.*



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

Combined Statements of Cash Flows

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets	\$ 1,173,773	\$ 1,681,106
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Gain from forgiveness of PPP Loan	(274,590)	-
Depreciation	383,330	386,041
Provision (recovery) for uncollectible contributions	30,259	(198)
Realized and unrealized gains on investments	(900,012)	(1,534,914)
Contributions restricted for long-term purposes	(72,393)	(228,636)
Non-cash additions to collections	(70,607)	(14,981)
Collections deaccessions	17,000	-
Increase (decrease) in cash due to changes in:		
Accounts receivable	17,617	694
Contributions receivable	67,822	65,667
Inventories	(461)	(2,807)
Prepaid expenses and other current assets	(20,678)	11,048
Accounts payable	3,756	7,675
Accrued expenses	7,781	5,897
Deferred revenues	(2,670)	(15,998)
Net cash provided by operating activities	359,927	360,594
Cash flows from investing activities:		
Purchase of property and equipment	(576,856)	(828,530)
Purchase of collections	-	(12,875)
(Purchase) sale of investments, net	(133,845)	332,766
Net cash used in investing activities	(710,701)	(508,639)
Cash flows from financing activities:		
Payments on line of credit, net	(90,000)	(90,000)
Proceeds from contributions restricted for long-term purposes	16,650	42,014
Proceeds from PPP Loan	274,590	-
Net cash provided by (used) in financing activities	201,240	(47,986)
Net decrease in cash	(149,534)	(196,031)
Cash and cash equivalents, beginning of year	851,769	1,047,800
Cash and cash equivalents, end of year	\$ 702,235	\$ 851,769
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 2,312	\$ 9,863

See accompanying notes to the combined financial statements.

# **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 April 30, 1889, and granted a charter on 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.

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

Notes to the Combined Financial Statements, continued

## 2. Disruption of Operations

During March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to impact worldwide economic activity and financial markets. The Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of its operations. The Organization's investments are subject to potential loss arising from adverse changes in quoted market prices. The Organization's management will continue to monitor its investment holdings as it has done in the past, but has no immediate plans to change its investment portfolio. The continued spread of the disease represents a significant risk that the Organization's operations could be disrupted in the near future. Since the situation surrounding the COVID-19 pandemic remains fluid, the long-term duration, nature and extent of the effects on the Organization cannot be reasonably estimated at this time.

## 3. 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.

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

Notes to the Combined Financial Statements, continued

**3. Summary of Significant Accounting Policies, continued**

Basis of Presentation, continued

**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 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.

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

Notes to the Combined Financial Statements, continued

**3. Summary of Significant Accounting Policies, continued**

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.

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.

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 6 as additional risk information is not deemed material to the combined financial statements.

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

Notes to the Combined Financial Statements, continued

**3. Summary of Significant Accounting Policies, continued**

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

In March 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 when collection items are deaccessioned (that is, removed from a 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 its definition of direct care. Effective January 1, 2020, the Organization adopted the requirements of ASU 2019-03 on a prospective basis. The additional disclosures have been included in the discussion below.

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.

All proceeds resulting from the deaccession of objects from the permanent collections of the Museum shall be deposited to the SAR Museum Special Purpose Fund to be used for collections maintenance, care or expansion. Collections care includes preservation and conservation. Preservation is the protection and stabilization of collections through a coordinated set of activities aimed at minimizing physical, chemical and biological deterioration and damage, along with preventing the loss of intellectual, aesthetic, and monetary value. Conservation is an ongoing process with the goal of making collections available for current and future use. Materials, whether in use or in storage, shall be protected from destructive forces such as extreme temperature, humidity, dust, ultraviolet light, pests of all types, and otherwise improper handling.

Impairments

The Organization periodically reviews the undepreciated values assigned to long-lived assets to determine if any impairments are indicated. There were no impairments for the years ended December 31, 2020 or 2019.

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

Notes to the Combined Financial Statements, continued

## **3. 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, 2020 and 2019 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.

### Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the program services, administration, and fundraising 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 years ended December 31, 2020 and 2019.

### 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.

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

Notes to the Combined Financial Statements, continued

**3. Summary of Significant Accounting Policies, continued**

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 \$10,600 and \$15,199 for the years ended December 31, 2020 and 2019, respectively.

Forgivable Loan

In May 2020, the Organization received a Paycheck Protection Program loan (PPP loan) under the *Coronavirus Aid, Relief and Economic Security Act (CARES Act)* in the amount of \$273,250. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the PPP loan, subject to limitations, based on the use of loan proceeds for payment of eligible expenses. Amounts of the PPP loan and accrued interest forgiven are recognized as gains upon extinguishment of the debt when legal release is provided to the Organization. On November 11, 2020, the Organization received notification from the lender that the Small Business Administration approved the PPP loan forgiveness application and remitted the forgiveness amount of \$273,250 in principal and \$1,340 in interest to the lender. As such, the amount forgiven during the year ended December 31, 2020 is included in gain from forgiveness of PPP loan on the combined statements of activities.

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 balance sheet 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 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 retained earnings in the period of adoption. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date of ASU 2016-02. The updated standard will be effective for the Organization for the year ending December 31, 2022, 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.



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

Notes to the Combined Financial Statements, continued

**3. Summary of Significant Accounting Policies, continued**

New Accounting Pronouncements Not Yet Effective, continued

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the combined statement of activities as the amounts expected to be collected change. The standard will be effective for the year ending December 31, 2023, with early adoption permitted. The Organization is currently evaluating the effect that the new standard will have on its combined financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind, by requiring not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities and by enhancing the disclosures about the valuation of in-kind contributions and their use in other programs or activities. The ASU requires adoption of the new presentation and disclosures to be applied retrospectively. The updated standard will be effective for the Organization for the year ending December 31, 2023, with early adoption permitted. The Organization is currently evaluating the effect that the new standard will have on its combined financial statements.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through March 6, 2021, the date that the combined financial statements were available to be issued. Except as disclosed in Note 16, there were no events occurring during the evaluation period that require recognition or disclosure in the combined financial statements.

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

Notes to the Combined Financial Statements, continued

**4. 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, 2020 and 2019, the Organization had \$1,366,432 and \$1,276,432, respectively, available on this line of credit. See Note 8 for more information regarding the line of credit.

	<u>2020</u>	<u>2019</u>
Total assets	\$ <b>26,405,503</b>	\$ 25,312,863
Less: Property and equipment	<b>(10,259,091)</b>	(10,065,565)
Less: Collections	<u><b>(2,527,437)</b></u>	<u>(2,473,830)</u>
Financial assets	<b>13,618,975</b>	12,773,468
Less: Donor imposed restrictions	<b>(7,634,110)</b>	(6,830,626)
Less: Board designated funds	<u><b>(5,173,434)</b></u>	<u>(5,004,598)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><b>\$ 811,431</b></u>	<u>\$ 938,244</u>

**5. Contributions Receivable**

Contributions receivable as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
George Washington Fund	\$ <b>63,032</b>	\$ 73,105
SAR Education Center and Museum	<b>228,405</b>	219,454
Other special purpose	<u><b>14,052</b></u>	<u>26,468</u>
	<b>305,489</b>	319,027
Less: Allowance	<b>(35,552)</b>	(6,752)
Less: Discounts to present value	<u><b>(7,447)</b></u>	<u>(7,447)</u>
	<u><b>\$ 262,490</b></u>	<u>\$ 304,828</u>

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

## Notes to the Combined Financial Statements, continued

### 5. Contributions Receivable, continued

As of December 31, 2020 and 2019, contributions receivable are estimated to be collected as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 136,372	\$ 100,490
One year to five years	151,246	213,288
More than five years	<u>17,871</u>	<u>5,249</u>
	<u>\$ 305,489</u>	<u>\$ 319,027</u>

Contributions due after one year have been discounted to present value reflecting the time value of money using discount rates ranging between 0.10% and 0.36%.

### 6. 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, 2020 and 2019.

*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.

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

Notes to the Combined Financial Statements, continued

**6. Investments, continued**

Fair Value Measurement, continued

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

<u>2020</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 606,269	\$ 606,269	\$ -	\$ -
U.S. government and agency securities	1,266,035	-	1,266,035	-
Corporate bonds and notes	858,111	-	858,111	-
Common stock	1,205,546	1,205,546	-	-
Mutual funds	<u>8,380,296</u>	<u>8,380,296</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,316,257</u>	<u>\$ 10,192,111</u>	<u>\$ 2,124,146</u>	<u>\$ -</u>
 <u>2019</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>

Investment Return

Investment return for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Realized gains	\$ 264,193	\$ 344,223
Unrealized gains	<u>635,819</u>	<u>1,190,691</u>
Total realized and unrealized gains on investments	900,012	1,534,914
Interest and dividends	256,411	310,757
Investment fees	<u>(40,797)</u>	<u>(39,572)</u>
Investment income, net	<u>\$ 1,115,626</u>	<u>\$ 1,806,099</u>

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

Notes to the Combined Financial Statements, continued

**7. Property and Equipment**

Property and equipment consists of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 819,480	\$ 819,480
Buildings and improvements	8,753,434	8,614,058
Furniture and equipment	1,185,577	1,133,670
Construction in progress	<u>2,039,000</u>	<u>1,649,000</u>
	<b>12,797,491</b>	12,216,208
Less accumulated depreciation	<u>(2,538,400)</u>	<u>(2,150,643)</u>
Property and equipment, net	<b><u>\$10,259,091</u></b>	<b><u>\$10,065,565</u></b>

Construction in progress as of December 31, 2020 and 2019 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.

**8. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Library:		
Consists of family genealogies; American Revolution era county, state and local histories; miscellaneous biographies; bound volumes of periodicals; and other collectibles	<b>\$ 1,397,774</b>	\$ 1,397,059
Museum:		
Consists principally of American Revolution era paintings, sculptures, donated furnishing, antiques and artifacts	<u>1,129,663</u>	<u>1,076,771</u>
	<b><u>\$ 2,527,437</u></b>	<b><u>\$ 2,473,830</u></b>

NSSAR received non-cash contributions of library and museum collections totaling \$70,607 and \$14,981 during the years ended December 31, 2020 and 2019, respectively. There were \$17,000 in collections deaccessioned during the year ended December 31, 2020. There were no collections deaccessioned during the year ended December 31, 2019.

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

Notes to the Combined Financial Statements, continued

**9. 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 1.75% and 3.25% as of December 31, 2020 and 2019, 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 2021. The Foundation's investments are pledged as collateral. The amount outstanding under the bank line of credit was \$133,568 and \$223,568 as of December 31, 2020 and 2019, respectively.

**10. 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.

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

Notes to the Combined Financial Statements, continued

**10. Endowment Funds, continued**

As of December 31 endowment investments consist of the following:

<u><b>2020</b></u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 5,123,434	\$ -	\$ 5,123,434
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,522,144	1,522,144
Accumulated investment gains	<u>-</u>	<u>1,056,621</u>	<u>1,056,621</u>
Total endowment funds	<u>\$ 5,123,434</u>	<u>\$ 2,578,765</u>	<u>\$ 7,702,199</u>
<u><b>2019</b></u>			
Board designated	\$ 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>

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

Notes to the Combined Financial Statements, continued

**10. Endowment Funds, continued**

Changes in endowment investments are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2019	\$ 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	4,954,598	2,356,972	7,311,570
Investment return:			
Investment income	<b>226,953</b>	<b>87,176</b>	<b>314,129</b>
Net appreciation	<u><b>241,695</b></u>	<u><b>146,431</b></u>	<u><b>388,126</b></u>
Total investment return	<b>468,648</b>	<b>233,607</b>	<b>702,255</b>
Contributions	-	22,178	22,178
Appropriation for expenditures	<b>(315,146)</b>	<b>(33,992)</b>	<b>(349,138)</b>
Transfer to board designated endowment funds	<u><b>15,334</b></u>	<u><b>-</b></u>	<u><b>15,334</b></u>
Endowment net assets, December 31, 2020	<b><u>\$ 5,123,434</u></b>	<b><u>\$ 2,578,765</u></b>	<b><u>\$ 7,702,199</u></b>

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.



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

Notes to the Combined Financial Statements, continued

**11. Net Assets With Donor Restrictions**

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

	<u><b>2020</b></u>	<u><b>2019</b></u>
Subject to expenditure for specified purpose:		
SAR Education Center and Museum	\$ <b>427,570</b>	\$ 332,450
Special Purpose funds	<b>4,412,626</b>	3,905,310
Promise to give, the proceeds from which have been restricted by donors for:		
SAR Education Center and Museum	<b>201,105</b>	209,770
Special Purpose funds	<u><b>13,700</b></u>	<u>26,124</u>
	<b>5,055,001</b>	4,473,654
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Adams Memorial Middle School brochure contest	<b>12,500</b>	12,500
Building and Outreach Education endowment	<b>1,200</b>	1,200
Council of Youth Awards	<b>12,000</b>	12,000
George Washington endowment	<b>1,471,407</b>	1,335,707
Roger Ruth endowment	<u><b>54,026</b></u>	<u>54,026</u>
	<b>1,551,133</b>	1,415,433
Subject to the Organization's endowment spending policy and appropriation:		
Adams Memorial Middle School brochure contest	<b>9,295</b>	8,020
George Washington endowment	<b>990,673</b>	844,463
Roger Ruth endowment	<b>28,008</b>	20,122
Unconditional promises to give, net - permanently restricted to George Washington endowment	<u>-</u>	<u>68,934</u>
	<u><b>1,027,976</b></u>	<u>941,539</u>
Total net assets with donor restrictions	<u><b>\$ 7,634,110</b></u>	<u><b>\$ 6,830,626</b></u>

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

Notes to the Combined Financial Statements, continued

**12. Operating Leases**

NSSAR currently leases certain office equipment under various separate operating leases. As of December 31, 2020, the operating leases have combined base rental payments of \$1,519 per month. The leases expire in various terms through January 2025. Rental expense related to these operating leases for the years ended December 31, 2020 and 2019 totaled \$18,233 and \$10,434, respectively.

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

Year ending December 31,	
2021	\$ 18,233
2022	18,233
2023	18,233
2024	18,233
2025	<u>650</u>
	<u>\$ 73,582</u>

**13. 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 years ended December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Fees and merchandise transferred at a point in time	\$ 1,142,006	\$ 1,585,986
Fees transferred over time	<u>780,867</u>	<u>797,820</u>
Total revenue	<u>\$ 1,922,873</u>	<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, 2020 and 2019.

**14. 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, 2020 and 2019 totaled \$27,898 and \$28,605, respectively.

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

Notes to the Combined Financial Statements, continued

**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, 2020, NSSAR had entered into three such contracts for events scheduled to occur through 2023. The estimated cancellation fees range from approximately \$106,000 to \$285,644.

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 2020 and 2019.

**16. Subsequent Events**

On January 26, 2021, the Organization received a second PPP loan under the CARES Act in the amount of \$273,390. This loan is potentially forgivable if the Organization meets certain criteria. The loan balance not forgiven has an interest rate of 1% and is due five years from the date of origination.

## **SUPPLEMENTARY INFORMATION**

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

Schedule of Combining Statements of Financial Position

December 31, 2020

<b>Assets</b>	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Current assets:				
Cash and cash equivalents	\$ 612,321	\$ 89,914	\$ -	\$ 702,235
Accounts receivable	15,785	-	-	15,785
Contributions receivable, net, current portion	22,656	71,363	-	94,019
Inventories	213,323	-	-	213,323
Prepaid expenses and other assets	106,399	2,486	-	108,885
Due from the Foundation	<u>185,382</u>	<u>-</u>	<u>(185,382)</u>	<u>-</u>
Total current assets	1,155,866	163,763	(185,382)	1,134,247
Property and equipment, net	10,258,005	1,086	-	10,259,091
Other assets:				
Investments	2,658,171	9,658,086	-	12,316,257
Contributions receivable, net, less current portion	32,242	136,229	-	168,471
Collections	<u>2,527,437</u>	<u>-</u>	<u>-</u>	<u>2,527,437</u>
Total other assets	<u>5,217,850</u>	<u>9,794,315</u>	<u>-</u>	<u>15,012,165</u>
Total assets	<u>\$ 16,631,721</u>	<u>\$ 9,959,164</u>	<u>\$ (185,382)</u>	<u>\$ 26,405,503</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 78,089	\$ -	\$ -	\$ 78,089
Accrued expenses	37,108	2,076	-	39,184
Deferred revenues	40,113	-	-	40,113
Line of credit	133,568	-	-	133,568
Due to NSSAR	<u>-</u>	<u>185,382</u>	<u>(185,382)</u>	<u>-</u>
Total current liabilities	288,878	187,458	(185,382)	290,954
Net Assets:				
Without donor restrictions:				
Undesignated	520,477	-	-	520,477
Invested in property and equipment and collections	12,785,442	1,086	-	12,786,528
Designated by the Board for endowment	-	5,123,434	-	5,123,434
Designated by the Board for programs	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total net assets without donor restrictions	13,305,919	5,174,520	-	18,480,439
With donor restrictions:				
Perpetual in nature	1,471,407	79,726	-	1,551,133
Purpose restrictions	<u>1,565,517</u>	<u>4,517,460</u>	<u>-</u>	<u>6,082,977</u>
Total net assets with donor restrictions	<u>3,036,924</u>	<u>4,597,186</u>	<u>-</u>	<u>7,634,110</u>
Total net assets	<u>16,342,843</u>	<u>9,771,706</u>	<u>-</u>	<u>26,114,549</u>
Total liabilities and net assets	<u>\$ 16,631,721</u>	<u>\$ 9,959,164</u>	<u>\$ (185,382)</u>	<u>\$ 26,405,503</u>

*See report of independent auditors.*

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

Schedule of Combining Statements of Financial Position

December 31, 2019

<b>Assets</b>	<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>
<b>Liabilities and Net Assets</b>				
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.*

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

Schedule of Combining Statement of Activities

Year ended December 31, 2020

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Revenues, gains and other support:				
Per-capita dues and reinstatements	\$ 1,139,713	\$ -	\$ -	\$ 1,139,713
Admission fees	246,218	-	-	246,218
Supplemental fees	86,905	-	-	86,905
Net merchandise operations	35,290	-	-	35,290
Contributions and bequests	248,138	458,612	-	706,750
Other income	48,812	-	-	48,812
Meeting income, net	32,292	-	-	32,292
Net investment return	<u>243,061</u>	<u>872,565</u>	<u>-</u>	<u>1,115,626</u>
Total revenues, gains and other support	2,080,429	1,331,177	-	3,411,606
Expenses and losses:				
Program services expenses:				
Patriotic	307,948	-	-	307,948
Genealogy	848,290	-	-	848,290
Education	<u>530,416</u>	<u>-</u>	<u>-</u>	<u>530,416</u>
Total program services expenses	1,686,654	-	-	1,686,654
Supporting service expenses:				
Management and general	650,730	-	-	650,730
Fundraising	<u>24,521</u>	<u>133,518</u>	<u>-</u>	<u>158,039</u>
Total supporting services expenses	<u>675,251</u>	<u>133,518</u>	<u>-</u>	<u>808,769</u>
Total expenses and losses	2,361,905	133,518	-	2,495,423
Other income and (expenses):				
Collection deaccessions	(17,000)	-	-	(17,000)
Gain on forgiveness of PPP Loan	<u>274,590</u>	<u>-</u>	<u>-</u>	<u>274,590</u>
Total other income	<u>257,590</u>	<u>-</u>	<u>-</u>	<u>257,590</u>
Transfers from the Foundation, net	<u>772,614</u>	<u>(772,614)</u>	<u>-</u>	<u>-</u>
Change in net assets	748,728	425,045	-	1,173,773
Net assets, beginning of year	<u>15,594,115</u>	<u>9,346,661</u>	<u>-</u>	<u>24,940,776</u>
Net assets, end of year	<u>\$ 16,342,843</u>	<u>\$ 9,771,706</u>	<u>\$ -</u>	<u>\$ 26,114,549</u>

*See report of independent auditors.*

**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 expense, 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.*



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

Schedule of Combining Statement of Functional Expenses

Year ended December 31, 2020

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Salaries, benefits and payroll taxes	\$ 1,245,855	\$ 70,925	\$ -	\$ 1,316,780
Special purpose expenses	161,570	-	-	161,570
Magazine	240,363	-	-	240,363
Library	13,092	-	-	13,092
Occupancy and maintenance	99,393	608	-	100,001
Supplies, printing and postage	37,036	18,808	-	55,844
President General discretionary fund	28,750	-	-	28,750
Professional services	29,007	5,451	-	34,458
Merchandise cost of goods sold	343,550	-	-	343,550
Information technology	69,099	622	-	69,721
Insurance	35,693	-	-	35,693
Training and travel	1,240	1,269	-	2,509
Advertising and promotion	13,195	15,950	-	29,145
Awards	1,016	-	-	1,016
Interest	3,652	-	-	3,652
Depreciation	383,200	130	-	383,330
Miscellaneous	<u>17,711</u>	<u>19,755</u>	<u>-</u>	<u>37,466</u>
Total functional expenses	2,723,422	133,518	-	2,856,940
Less expenses included with revenues and revenues included with expenses on the combined statement of activities				
Magazine income	(17,695)	-	-	(17,695)
Library income	(272)	-	-	(272)
Merchandise cost of goods sold	<u>(343,550)</u>	<u>-</u>	<u>-</u>	<u>(343,550)</u>
Total expenses included in the expense section on the combined statement of activities	<u>\$ 2,361,905</u>	<u>\$ 133,518</u>	<u>\$ -</u>	<u>\$ 2,495,423</u>

*See report of independent auditors.*

**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 services	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.*

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

Schedules of NSSAR Departmental Operations

Years ended December 31, 2020 and 2019

	<u><b>2020</b></u>	<u><b>2019</b></u>
Merchandise operations:		
Sales	\$ <b>390,976</b>	\$ 557,283
Cost of sales:		
Beginning inventory	<b>212,862</b>	210,055
Purchases	<b>155,036</b>	222,639
Payroll and employee benefits	<b>145,877</b>	151,514
Other costs	<u><b>55,234</b></u>	<u>75,643</u>
	<b>569,009</b>	659,851
Less: ending inventory	<u><b>(213,323)</b></u>	<u>(212,862)</u>
Total cost of sales	<u><b>355,686</b></u>	<u>446,989</u>
Net merchandise operations revenue	\$ <u><b>35,290</b></u>	\$ <u>110,294</u>
Magazine operations:		
Magazine publication and distribution costs	\$ <b>240,363</b>	\$ 245,261
Less: Magazine advertising income	<b>(17,314)</b>	(19,320)
Less: Non-member subscription income	<u><b>(381)</b></u>	<u>(601)</u>
Net magazine operations expense	\$ <u><b>222,668</b></u>	\$ <u>225,340</u>
Library operations:		
Payroll and employee benefits	\$ <b>179,519</b>	\$ 156,846
Other expenses	<b>13,092</b>	16,074
Less: Copying fees	<b>(181)</b>	(266)
Less: User fees	<u><b>(91)</b></u>	<u>(1,261)</u>
Net library operations expense	\$ <u><b>192,339</b></u>	\$ <u>171,393</u>

*See report of independent auditors.*