



Combined Financial Statements
and Supplementary Information

for

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

For the Years Ended December 31, 2021 and 2020
with Report of Independent Auditors

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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 Audit of the Financial Statements

Opinion

We have audited the combined financial statements of 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, 2021 and 2020, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

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 Dorton Allen Ford, PLLC

Louisville, Kentucky
March 3, 2022

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

Combined Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,002,154	\$ 702,235
Accounts receivable	-	15,785
Contributions receivable, net, current portion	93,317	94,019
Inventories	202,065	213,323
Prepaid expenses and other current assets	<u>122,032</u>	<u>108,885</u>
Total current assets	1,419,568	1,134,247
Property and equipment, net	10,519,543	10,259,091
Other assets:		
Investments	14,796,477	12,316,257
Contributions receivable, net, less current portion	167,990	168,471
Collections	<u>2,602,777</u>	<u>2,527,437</u>
Total other assets	17,567,244	15,012,165
Total assets	<u>\$ 29,506,355</u>	<u>\$ 26,405,503</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 116,983	\$ 78,089
Accrued expenses	45,612	39,184
Deferred revenues	35,368	40,113
Line of credit	<u>133,568</u>	<u>133,568</u>
Total current liabilities	331,531	290,954
Net assets:		
Without donor restrictions:		
Undesignated	745,757	520,477
Invested in property and equipment and collections	13,122,320	12,786,528
Designated by the Board for endowment	5,607,366	5,123,434
Designated by the Board for programs	<u>50,000</u>	<u>50,000</u>
Total net assets without donor restrictions	19,525,443	18,480,439
With donor restrictions:		
Perpetual in nature	1,588,675	1,551,133
Purpose restrictions	<u>8,060,706</u>	<u>6,082,977</u>
Total net assets with donor restrictions	9,649,381	7,634,110
Total net assets	<u>29,174,824</u>	<u>26,114,549</u>
Total liabilities and net assets	<u>\$ 29,506,355</u>	<u>\$ 26,405,503</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, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Per-capita dues and reinstatements	\$ 1,167,850	\$ -	\$ 1,167,850	\$ 1,139,713	\$ -	\$ 1,139,713
Admission fees	269,480	-	269,480	246,218	-	246,218
Supplemental fees	98,380	-	98,380	86,905	-	86,905
Net merchandise operations	112,011	-	112,011	35,290	-	35,290
Contributions and bequests	117,074	2,119,377	2,236,451	89,758	616,992	706,750
Meeting income, net	47,785	-	47,785	32,292	-	32,292
Other income	36,280	-	36,280	48,812	-	48,812
Investment income, net	1,001,316	471,874	1,473,190	243,061	872,565	1,115,626
Net assets released from restrictions:						
Satisfaction of program restrictions	255,332	(255,332)	-	87,145	(87,145)	-
Satisfaction of capital improvement restrictions	320,648	(320,648)	-	598,928	(598,928)	-
Total revenues, gains and other support	3,426,156	2,015,271	5,441,427	2,608,122	803,484	3,411,606
Expenses and losses:						
Program services expense:						
Patriotic	351,913	-	351,913	307,948	-	307,948
Genealogy	934,121	-	934,121	848,290	-	848,290
Education	457,446	-	457,446	530,416	-	530,416
Total program services expenses	1,743,480	-	1,743,480	1,686,654	-	1,686,654
Supporting services expense:						
Management and general	703,886	-	703,886	650,730	-	650,730
Fundraising	207,540	-	207,540	158,039	-	158,039
Total supporting services expenses	911,426	-	911,426	808,769	-	808,769
Total expenses and losses	2,654,906	-	2,654,906	2,495,423	-	2,495,423
Other income (expense):						
Collection deaccessions	-	-	-	(17,000)	-	(17,000)
Gain forgiveness on Paycheck Protection Program (PPP) Loans	273,754	-	273,754	274,590	-	274,590
Total other income	273,754	-	273,754	257,590	-	257,590
Change in net assets	1,045,004	2,015,271	3,060,275	370,289	803,484	1,173,773
Net assets, beginning of year	18,480,439	7,634,110	26,114,549	18,110,150	6,830,626	24,940,776
Net assets, end of year	<u>\$ 19,525,443</u>	<u>\$ 9,649,381</u>	<u>\$ 29,174,824</u>	<u>\$ 18,480,439</u>	<u>\$ 7,634,110</u>	<u>\$ 26,114,549</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, 2021

	Program Services				Management and General	Fundraising	Cost of Goods Sold	Total
	Patriotic	Genealogy	Education	Total				
Salaries, benefits and payroll taxes	\$ 25,607	\$ 692,139	\$ 177,669	\$ 895,415	\$ 409,706	\$ 112,950	\$ -	\$ 1,418,071
Special purpose expenses	44,605	12,937	81,458	139,000	-	-	-	139,000
Magazine	258,395	-	-	258,395	-	-	-	258,395
Library	-	19,037	-	19,037	-	-	-	19,037
Occupancy and maintenance	-	36,418	34,195	70,613	37,091	594	-	108,298
Supplies, printing and postage	-	12,515	2,456	14,971	16,216	47,875	-	79,062
President General discretionary fund	40,047	-	-	40,047	-	-	-	40,047
Professional services	-	-	-	-	34,388	11,935	-	46,323
Merchandise cost of goods sold	-	-	-	-	-	-	416,291	416,291
Information technology	3,705	25,932	25,932	55,569	18,523	600	-	74,692
Insurance	-	13,067	13,067	26,134	11,200	-	-	37,334
Training and travel	-	870	55	925	242	4,204	-	5,371
Advertising and promotion	-	-	-	-	22,873	20,469	-	43,342
Awards	7,926	-	-	7,926	-	-	-	7,926
Interest	-	-	-	-	2,287	-	-	2,287
Depreciation	-	117,163	117,163	234,326	100,426	254	-	335,006
Miscellaneous	-	4,058	5,451	9,509	50,934	8,659	-	69,102
Total expenses by function	380,285	934,136	457,446	1,771,867	703,886	207,540	416,291	3,099,584
Less expenses included with revenues or revenues included with expenses on the combined statement of activities:								
Magazine income	(28,372)	-	-	(28,372)	-	-	-	(28,372)
Library income	-	(15)	-	(15)	-	-	-	(15)
Merchandise cost of goods sold	-	-	-	-	-	-	(416,291)	(416,291)
Total expenses included in the expense section on the combined statement of activities	\$ 351,913	\$ 934,121	\$ 457,446	\$ 1,743,480	\$ 703,886	\$ 207,540	\$ -	\$ 2,654,906

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
Total expenses by function	325,643	848,562	530,416	1,704,621	650,730	158,039	355,686	2,869,076
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)
Total expenses included in the expense section on the combined statement of activities	\$ 307,948	\$ 848,290	\$ 530,416	\$ 1,686,654	\$ 650,730	\$ 158,039	\$ -	\$ 2,495,423

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets	\$ 3,060,275	\$ 1,173,773
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Gain from forgiveness of PPP Loans	(273,754)	(274,590)
Depreciation	335,006	383,330
Provision for uncollectible contributions	(23,751)	30,259
Realized and unrealized gains on investments	(1,199,735)	(900,012)
Contribution of common stock	(1,030,982)	-
Contributions restricted for long-term purposes	(74,457)	(72,393)
Non-cash additions to collections	(75,340)	(70,607)
Collections deaccessions	-	17,000
Increase (decrease) in cash due to changes in:		
Accounts receivable	15,785	17,617
Contributions receivable	80,990	67,822
Inventories	11,258	(461)
Prepaid expenses and other current assets	(13,147)	(20,678)
Accounts payable	38,894	3,756
Accrued expenses	6,428	7,781
Deferred revenues	(4,745)	(2,670)
Net cash provided by operating activities	852,725	359,927
Cash flows from investing activities:		
Purchase of property and equipment	(595,458)	(576,856)
Purchase of investments, net	(249,503)	(133,845)
Net cash used in investing activities	(844,961)	(710,701)
Cash flows from financing activities:		
Payments on line of credit, net	-	(90,000)
Proceeds from contributions restricted for long-term purposes	18,401	16,650
Proceeds from PPP Loans	273,754	274,590
Net cash provided by financing activities	292,155	201,240
Net increase (decrease) in cash	299,919	(149,534)
Cash and cash equivalents, beginning of year	702,235	851,769
Cash and cash equivalents, end of year	\$ 1,002,154	\$ 702,235
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 947	\$ 2,312

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 preserve 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. 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 for the 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.

**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.

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.

**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

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.

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

Collections, continued

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, 2021 or 2020.

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, 2021 and 2020 consist primarily of per-capita dues collected in advance of the upcoming calendar year.

**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, continued

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, 2021 and 2020.

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 \$10,600 for each of the years ended December 31, 2021 and 2020.

**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

Forgivable Loan

As described in Note 11, the Organization received Paycheck Protection Program loans under the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) and related acts. Under the terms of the CARES Act and related acts, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the PPP loans, subject to limitations, based on the use of loan proceeds for payment of eligible expenses. The Organization accounted for the PPP loans as debt in accordance with Accounting Standards Codification Topic 470, *Debt*, until forgiveness is received. As such, amounts forgiven are recognized as other income when the Organization receives notification from the lender that the Small Business Administration (SBA) has approved the PPP loans forgiveness applications and remitted the forgiveness amount to the lender.

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 combined 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 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 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.

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.

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, continued

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 3, 2022, the date that the combined financial statements were available to be issued.

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, 2021 and 2020, the Organization had \$1,366,432 available on this line of credit. See Note 8 for more information regarding the line of credit.

	<u>2021</u>	<u>2020</u>
Total assets	\$ 29,506,355	\$ 26,405,503
Less: Property and equipment	(10,519,543)	(10,259,091)
Less: Collections	(2,602,777)	(2,527,437)
Financial assets	16,384,035	13,618,975
Less: Donor imposed restrictions	(9,649,381)	(7,634,110)
Less: Board designated funds	(5,657,366)	(5,173,434)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,077,288</u>	\$ <u>811,431</u>

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

Notes to the Combined Financial Statements, continued

4. Contributions Receivable

Contributions receivable as of December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
George Washington Fund	\$ 57,865	\$ 63,032
SAR Education Center and Museum	213,831	228,405
Other special purpose	<u>4,892</u>	<u>14,052</u>
	276,588	305,489
Less: Allowance	(11,801)	(35,552)
Less: Discounts to present value	<u>(3,480)</u>	<u>(7,447)</u>
	<u>\$ 261,307</u>	<u>\$ 262,490</u>

As of December 31, 2021 and 2020, contributions receivable are estimated to be collected as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 105,118	\$ 136,372
One year to five years	171,470	151,246
More than five years	<u>-</u>	<u>17,871</u>
	<u>\$ 276,588</u>	<u>\$ 305,489</u>

Contributions due after one year have been discounted to present value reflecting the time value of money using discount rates ranging between 0.39% and 1.26%.

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, 2021 and 2020.

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

**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

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.

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

<u>2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 859,218	\$ 859,218	\$ -	\$ -
U.S. government and agency securities	1,831,548	-	1,831,548	-
Corporate bonds and notes	1,210,795	-	1,210,795	-
Common stock	1,511,097	1,511,097	-	-
Mutual funds	<u>9,383,819</u>	<u>9,383,819</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,796,477</u>	<u>\$ 11,754,134</u>	<u>\$ 3,042,343</u>	<u>\$ -</u>
 <u>2020</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>

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

Notes to the Combined Financial Statements, continued

5. Investments, continued

Investment Return

Investment return for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Realized gains	\$ 994,834	\$ 264,193
Unrealized gains	<u>204,901</u>	<u>635,819</u>
Total realized and unrealized gains on investments	1,199,735	900,012
Interest and dividends	330,744	256,411
Investment fees	<u>(57,289)</u>	<u>(40,797)</u>
Investment income, net	\$ <u>1,473,190</u>	\$ <u>1,115,626</u>

6. Property and Equipment

Property and equipment consists of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 819,480	\$ 819,480
Buildings and improvements	8,855,155	8,753,434
Furniture and equipment	1,232,154	1,185,577
Construction in progress	<u>2,486,200</u>	<u>2,039,000</u>
	13,392,989	12,797,491
Less accumulated depreciation	<u>(2,873,446)</u>	<u>(2,538,400)</u>
Property and equipment, net	\$ <u>10,519,543</u>	\$ <u>10,259,091</u>

Construction in progress as of December 31, 2021 and 2020 consists of costs incurred for design development and initial construction 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 \$5.9 million and be open to the public in 2026.

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

Notes to the Combined Financial Statements, continued

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Library:		
Consists of family genealogies; American Revolution era county, state and local histories; miscellaneous biographies; bound volumes of periodicals; and other collectibles	\$ 1,401,970	\$ 1,397,774
Museum:		
Consists principally of American Revolution era paintings, sculptures, donated furnishing, antiques and artifacts	<u>1,200,807</u>	<u>1,129,663</u>
	<u>\$ 2,602,777</u>	<u>\$ 2,527,437</u>

NSSAR received non-cash contributions of library and museum collections totaling \$75,340 and \$70,607 during the years ended December 31, 2021 and 2020, respectively. There were no collections deaccessioned during the year ended December 31, 2021. There were \$17,000 in collections deaccessioned during the year ended December 31, 2020.

8. Line of Credit

During 2021, NSSAR extended its \$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 1.63% and 1.75% as of December 31, 2021 and 2020, 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 2022. The Foundation's investments are pledged as collateral. The amount outstanding under the bank line of credit was \$133,568 as of December 31, 2021 and 2020.

9. Endowment Fund

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.

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

Notes to the Combined Financial Statements, continued

9. Endowment Funds, continued

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.

As of December 31 endowment investments consist of the following:

<u>2021</u>	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 5,607,366	\$ -	\$ 5,607,366
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,587,005	1,587,005
Accumulated investment gains	-	1,217,005	1,217,005
Total endowment funds	<u>\$ 5,607,366</u>	<u>\$ 2,804,010</u>	<u>\$ 8,411,376</u>

<u>2020</u>			
Board designated	\$ 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	-	1,056,621	1,056,621
Total endowment funds	<u>\$ 5,123,434</u>	<u>\$ 2,578,765</u>	<u>\$ 7,702,199</u>

**NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
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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, 2020	\$ 4,954,598	\$ 2,356,972	\$ 7,311,570
Investment return:			
Investment income	226,953	87,176	314,129
Net appreciation	<u>241,695</u>	<u>146,431</u>	<u>388,126</u>
Total investment return	468,648	233,607	702,255
Contributions	-	22,178	22,178
Appropriation for expenditures	(315,146)	(33,992)	(349,138)
Transfer to board designated endowment funds	<u>15,334</u>	<u>-</u>	<u>15,334</u>
Endowment net assets, December 31, 2020	5,123,434	2,578,765	7,702,199
Investment return:			
Investment income	563,645	219,006	782,651
Net appreciation	<u>93,440</u>	<u>12,919</u>	<u>106,359</u>
Total investment return	657,085	231,925	889,010
Contributions	575	24,025	24,600
Appropriation for expenditures	<u>(173,728)</u>	<u>(30,705)</u>	<u>(204,433)</u>
Endowment net assets, December 31, 2021	<u>\$ 5,607,366</u>	<u>\$ 2,804,010</u>	<u>\$ 8,411,376</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.

**NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
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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>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
SAR Education Center and Museum	\$ 1,662,595	\$ 427,570
Special Purpose funds	4,961,087	4,412,626
Promise to give, the proceeds from which have been restricted by donors for:		
SAR Education Center and Museum	217,156	201,105
Special Purpose funds	<u>4,885</u>	<u>13,700</u>
	6,845,723	5,055,001
Endowments:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Adams Memorial Middle School brochure contest	11,667	12,500
Building and Outreach Education endowment	1,200	1,200
Council of Youth Awards	12,000	12,000
George Washington endowment	1,509,782	1,471,407
Roger Ruth endowment	<u>54,026</u>	<u>54,026</u>
	1,588,675	1,551,133
Subject to the Organization's endowment spending policy and appropriation:		
Adams Memorial Middle School brochure contest	12,141	9,295
George Washington endowment	1,164,483	990,673
Roger Ruth endowment	<u>38,359</u>	<u>28,008</u>
	1,214,983	1,027,976
Total net assets with donor restrictions	\$ 9,649,381	\$ 7,634,110

11. Paycheck Protection Program Loans

On March 27, 2020, the CARES Act was signed into law, which, among other things, outlined the provisions of the Paycheck Protection Program. In addition, the *Paycheck Protection Program and Health Care Enhancement Act* was signed into law on April 24, 2020, which increased funding provided by the CARES Act. Terms and conditions associated with the PPP have been subsequently revised by the *Paycheck Protection Program Flexibility Act of 2020*, the *Consolidated Appropriations Act, 2021* and the *PPP Extension Act of 2021*, which were enacted on June 5, 2020, December 27, 2020 and March 30, 2021, respectively. The PPP application deadline was extended until May 31, 2021 and enabled certain eligible borrowers to apply for and potentially receive a second PPP loan if certain eligibility criteria were met.

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

Notes to the Combined Financial Statements, continued

11. Paycheck Protection Program Loans, continued

On March 5, 2020, the Organization received a First Draw PPP loan under the CARES Act in the amount of \$273,250. The PPP loan was scheduled to mature on May 5, 2022 and bore interest at a rate of 1% per annum. On January 26, 2021, the Organization received a Second Draw PPP loan in the amount of \$273,390, which was scheduled to mature on December 26, 2026 and bore interest at a rate of 1% per annum.

On November 11, 2020, the Organization received notification from the lender that the SBA approved the First Draw PPP loan forgiveness application and remitted the forgiveness amount of \$273,250 to the lender, along with any applicable interest. On October 19, 2021, the Organization received notification from the lender that the SBA approved the Second Draw PPP loan forgiveness application and remitted the forgiveness amount of \$273,390 to the lender, along with any applicable interest. In accordance with ASC Topic 470, \$273,250 and \$273,390 was recognized in other income on the combined statements of activities during the years ended December 31, 2021 and 2020, respectively.

12. Operating Leases

NSSAR currently leases certain office equipment under various separate operating leases. As of December 31, 2021, 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 each of the years ended December 31, 2021 and 2020 totaled \$18,233.

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

Year ending December 31,	
2022	\$ 18,233
2023	18,233
2024	18,233
2025	<u>650</u>
	<u>\$ 55,349</u>

**NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
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Notes to the Combined Financial Statements, continued

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, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Fees and merchandise transferred at a point in time	\$ 1,296,870	\$ 1,142,006
Fees transferred over time	<u>804,150</u>	<u>780,867</u>
Total revenue	<u>\$ 2,101,020</u>	<u>\$ 1,922,873</u>

Other than accounts receivables and deferred revenues, there were no assets or liabilities arising from contracts with customers as of December 31, 2021 and 2020.

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, 2021 and 2020 totaled \$30,747 and \$27,898, respectively.

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, 2021, NSSAR had entered into three such contracts for events scheduled to occur through 2024. The estimated cancellation fees range from approximately \$25,920 to \$319,079.

SUPPLEMENTARY INFORMATION

**NATIONAL SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION
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Schedule of Combining Statement of Financial Position

December 31, 2021

Assets	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Current assets:				
Cash and cash equivalents	\$ 835,714	\$ 166,440	\$ -	\$ 1,002,154
Contributions receivable, net, current portion	16,305	77,012	-	93,317
Inventories	202,065	-	-	202,065
Prepaid expenses and other assets	119,546	2,486	-	122,032
Due from the Foundation	<u>171,118</u>	<u>-</u>	<u>(171,118)</u>	<u>-</u>
Total current assets	1,344,748	245,938	(171,118)	1,419,568
Property and equipment, net	10,518,711	832	-	10,519,543
Other assets:				
Investments	2,935,036	11,861,441	-	14,796,477
Contributions receivable, net, less current portion	35,618	132,372	-	167,990
Collections	<u>2,602,777</u>	<u>-</u>	<u>-</u>	<u>2,602,777</u>
Total other assets	<u>5,573,431</u>	<u>11,993,813</u>	<u>-</u>	<u>17,567,244</u>
Total assets	<u>\$ 17,436,890</u>	<u>\$ 12,240,583</u>	<u>\$ (171,118)</u>	<u>\$ 29,506,355</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 78,901	\$ 38,082	\$ -	\$ 116,983
Accrued expenses	42,844	2,768	-	45,612
Deferred revenues	35,368	-	-	35,368
Line of credit	133,568	-	-	133,568
Due to NSSAR	<u>-</u>	<u>171,118</u>	<u>(171,118)</u>	<u>-</u>
Total current liabilities	290,681	211,968	(171,118)	331,531
Net Assets:				
Without donor restrictions:				
Undesignated	745,757	-	-	745,757
Invested in property and equipment and collections	13,121,488	832	-	13,122,320
Designated by the Board for endowment	-	5,607,366	-	5,607,366
Designated by the Board for programs	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total net assets without donor restrictions	13,867,245	5,658,198	-	19,525,443
With donor restrictions:				
Perpetual in nature	1,537,868	50,807	-	1,588,675
Purpose restrictions	<u>1,741,096</u>	<u>6,319,610</u>	<u>-</u>	<u>8,060,706</u>
Total net assets with donor restrictions	<u>3,278,964</u>	<u>6,370,417</u>	<u>-</u>	<u>9,649,381</u>
Total net assets	<u>17,146,209</u>	<u>12,028,615</u>	<u>-</u>	<u>29,174,824</u>
Total liabilities and net assets	<u>\$ 17,436,890</u>	<u>\$ 12,240,583</u>	<u>\$ (171,118)</u>	<u>\$ 29,506,355</u>

See report of independent auditors.

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

Schedule of Combining Statement of Financial Position

December 31, 2020

Assets	<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>
Liabilities and Net Assets				
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 Statement of Activities

Year ended December 31, 2021

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Revenues, gains and other support:				
Per-capita dues and reinstatements	\$ 1,167,850	\$ -	\$ -	\$ 1,167,850
Admission fees	269,480	-	-	269,480
Supplemental fees	98,380	-	-	98,380
Net merchandise operations	112,011	-	-	112,011
Contributions and bequests	261,356	1,975,095	-	2,236,451
Other income	36,280	-	-	36,280
Meeting income, net	47,785	-	-	47,785
Net investment return	<u>240,014</u>	<u>1,233,176</u>	<u>-</u>	<u>1,473,190</u>
Total revenues, gains and other support	2,233,156	3,208,271	-	5,441,427
Expenses and losses:				
Program services expenses:				
Patriotic	351,913	-	-	351,913
Genealogy	934,121	-	-	934,121
Education	<u>457,446</u>	<u>-</u>	<u>-</u>	<u>457,446</u>
Total program services expenses	1,743,480	-	-	1,743,480
Supporting service expenses:				
Management and general	684,126	-	-	684,126
Fundraising	<u>25,607</u>	<u>201,693</u>	<u>-</u>	<u>227,300</u>
Total supporting services expenses	<u>709,733</u>	<u>201,693</u>	<u>-</u>	<u>911,426</u>
Total expenses and losses	2,453,213	201,693	-	2,654,906
Other income:				
Gain on forgiveness of PPP Loan	273,754	-	-	273,754
Transfers from the Foundation, net	<u>749,669</u>	<u>(749,669)</u>	<u>-</u>	<u>-</u>
Change in net assets	803,366	2,256,909	-	3,060,275
Net assets, beginning of year	<u>16,342,843</u>	<u>9,771,706</u>	<u>-</u>	<u>26,114,549</u>
Net assets, end of year	<u>\$ 17,146,209</u>	<u>\$ 12,028,615</u>	<u>\$ -</u>	<u>\$ 29,174,824</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 expense, 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	257,590	-	-	257,590
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 Functional Expenses

Year ended December 31, 2021

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Salaries, benefits and payroll taxes	\$ 1,330,728	\$ 87,343	\$ -	\$ 1,418,071
Special purpose expenses	139,001	-	-	139,001
Magazine	258,395	-	-	258,395
Library	19,037	-	-	19,037
Occupancy and maintenance	107,704	594	-	108,298
Supplies, printing and postage	31,187	47,875	-	79,062
President General discretionary fund	40,047	-	-	40,047
Professional services	34,388	11,935	-	46,323
Merchandise cost of goods sold	416,291	-	-	416,291
Information technology	74,091	600	-	74,691
Insurance	37,333	-	-	37,333
Training and travel	1,167	4,204	-	5,371
Advertising and promotion	3,113	40,229	-	43,342
Awards	7,926	-	-	7,926
Interest	2,287	-	-	2,287
Depreciation	334,753	254	-	335,007
Miscellaneous	<u>60,443</u>	<u>8,659</u>	<u>-</u>	<u>69,102</u>
Total functional expenses	2,897,891	201,693	-	3,099,584
Less expenses included with revenues and revenues included with expenses on the combined statement of activities				
Magazine income	(28,372)	-	-	(28,372)
Library income	(15)	-	-	(15)
Merchandise cost of goods sold	<u>(416,291)</u>	<u>-</u>	<u>-</u>	<u>(416,291)</u>
Total expenses included in the expense section on the combined statement of activities	<u>\$ 2,453,213</u>	<u>\$ 201,693</u>	<u>\$ -</u>	<u>\$ 2,654,906</u>

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**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>

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

Schedules of NSSAR Departmental Operations

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Merchandise operations:		
Sales	\$ 528,303	\$ 390,976
Cost of sales:		
Beginning inventory	213,323	212,862
Purchases	179,181	155,036
Payroll and employee benefits	146,001	145,877
Other costs	<u>79,852</u>	<u>55,234</u>
	618,357	569,009
Less: ending inventory	<u>(202,065)</u>	<u>(213,323)</u>
Total cost of sales	<u>416,292</u>	<u>355,686</u>
Net merchandise operations revenue	<u>\$ 112,011</u>	<u>\$ 35,290</u>
Magazine operations:		
Magazine publication and distribution costs	\$ 258,395	\$ 240,363
Less: Magazine advertising income	(27,692)	(17,314)
Less: Non-member subscription income	<u>(680)</u>	<u>(381)</u>
Net magazine operations expense	<u>\$ 230,023</u>	<u>\$ 222,668</u>
Library operations:		
Payroll and employee benefits	\$ 197,951	\$ 179,519
Other expenses	19,037	13,092
Less: Copying fees	(15)	(181)
Less: User fees	<u>-</u>	<u>(91)</u>
Net library operations expense	<u>\$ 216,973</u>	<u>\$ 192,339</u>

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