

**National Society of the Sons of the American  
Revolution and Related Foundation**

**Combined Financial Statements**

**December 31, 2016 and 2015**

**National Society of the Sons of the American  
Revolution and Related Foundation**

Table of Contents  
December 31, 2016 and 2015

	<u>Page</u>
Independent Auditor's Report .....	1 - 2
<b>Combined Financial Statements</b>	
Combined Statements of Financial Position .....	3
Combined Statements of Activities and Changes in Net Assets.....	4
Combined Statements of Cash Flows .....	5
Notes to the Combined Financial Statements .....	6 - 18
<b>Supplementary Information</b>	
Combining Statements of Financial Position.....	19 - 20
Combining Statements of Activities and Changes in Net Assets .....	21 - 22
Schedules of NSSAR Departmental Operations.....	23
Schedules of Foundation Fundraising Expense .....	24
Budget to Actual Schedules - NSSAR General Operating Fund.....	25 - 26



## **Independent Auditor's Report**

To the Trustees and the Executive Board  
**National Society of the Sons of the American  
Revolution and Related Foundation**

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, 2016 and 2015, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined 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.

**Kentucky**  
**Indiana**  
**Ohio**

**Mountjoy Chilton Medley LLP**

P 502.749.1900 | F 502.749.1930

2600 Meidinger Tower | 462 South Fourth Street | Louisville, KY 40202

[www.mcmcpa.com](http://www.mcmcpa.com) | 888.587.1719

A Member of PrimeGlobal – An Association of Independent Accounting Firms

## **Independent Auditor's Report (Continued)**

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 19 through 26 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements taken as a whole.



Louisville, Kentucky  
May 3, 2017

**National Society of the Sons of the American  
Revolution and Related Foundation  
Combined Statements of Financial Position  
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 974,405	\$ 1,188,448
Accounts receivable	22,667	21,061
Contributions receivable, net, current portion	77,151	95,595
Inventories	231,165	207,479
Prepaid expenses and other current assets	<u>109,702</u>	<u>86,564</u>
Total Current Assets	1,415,090	1,599,147
Property and Equipment, net	9,474,302	9,353,857
Other Assets		
Investments	9,155,771	8,871,236
Contributions receivable, net, less current portion	144,079	160,380
Collections	<u>2,716,155</u>	<u>2,811,772</u>
Total Other Assets	<u>12,016,005</u>	<u>11,843,388</u>
Total Assets	<u>\$ 22,905,397</u>	<u>\$ 22,796,392</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 109,429	\$ 74,585
Accrued expenses	29,567	15,692
Deferred revenues	46,946	47,805
Loan payable	<u>690,733</u>	<u>1,238,715</u>
Total Current Liabilities	876,675	1,376,797
Commitments and Contingencies		
Net Assets		
Unrestricted		
Undesignated	669,692	730,152
Invested in property and equipment and collections	11,548,203	10,928,115
Board designated endowment	4,476,308	4,398,462
Board designated - program	<u>50,000</u>	<u>100,000</u>
Total Unrestricted Net Assets	16,744,203	16,156,729
Temporarily restricted	4,112,443	4,111,339
Permanently restricted	<u>1,172,076</u>	<u>1,151,527</u>
Total Net Assets	<u>22,028,722</u>	<u>21,419,595</u>
Total Liabilities and Net Assets	<u>\$ 22,905,397</u>	<u>\$ 22,796,392</u>

See accompanying notes.

**National Society of the Sons of the American  
Revolution and Related Foundation  
Combined Statements of Activities and Changes in Net Assets  
Years Ended December 31, 2016 and 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>								
Per-capita dues and reinstatements	\$ 1,098,830	\$ -	\$ -	\$ 1,098,830	\$ 918,727	\$ -	\$ -	\$ 918,727
Admission fees	251,458	-	-	251,458	246,665	-	-	246,665
Supplemental fees	76,655	-	-	76,655	88,010	-	-	88,010
Net merchandise operations	95,267	-	-	95,267	125,441	-	-	125,441
Contributions and bequests	133,641	563,929	23,549	721,119	224,282	572,844	40,862	837,988
Meeting income, net	-	-	-	-	33,990	-	-	33,990
Other income	12,662	-	-	12,662	206,567	-	-	206,567
Investment income (loss), net	250,405	210,522	-	460,927	(135,620)	(104,007)	-	(239,627)
Net assets released from restrictions:								
Donor redesignation	3,000	-	(3,000)	-	-	-	-	-
Satisfaction of program restrictions	286,557	(286,557)	-	-	183,363	(183,363)	-	-
Satisfaction of capital improvement restrictions	462,097	(462,097)	-	-	209,488	(209,488)	-	-
<b>Total Revenues, Gains, and Other Support</b>	<b>2,670,572</b>	<b>25,797</b>	<b>20,549</b>	<b>2,716,918</b>	<b>2,100,913</b>	<b>75,986</b>	<b>40,862</b>	<b>2,217,761</b>
<b>Expenses and Losses</b>								
Magazine, net	176,003	-	-	176,003	172,679	-	-	172,679
Library, net	176,774	-	-	176,774	167,210	-	-	167,210
Education	196,214	-	-	196,214	165,597	-	-	165,597
Programs	739,258	-	-	739,258	735,138	-	-	735,138
Awards	4,375	-	-	4,375	4,665	-	-	4,665
General and administrative	180,584	-	-	180,584	187,372	-	-	187,372
Occupancy and maintenance	18,581	-	-	18,581	19,902	-	-	19,902
President General discretionary fund	36,673	-	-	36,673	29,759	-	-	29,759
Meeting expense, net	51,710	-	-	51,710	-	-	-	-
Fundraising	117,720	-	-	117,720	112,651	-	-	112,651
Bad debt expense	-	24,693	-	24,693	-	-	-	-
Collections deaccessions	107,751	-	-	107,751	14,800	-	-	14,800
Loss on disposal of property and equipment	751	-	-	751	-	-	-	-
Interest	20,697	-	-	20,697	20,795	-	-	20,795
Depreciation	256,007	-	-	256,007	259,216	-	-	259,216
<b>Total Expenses and Losses</b>	<b>2,083,098</b>	<b>24,693</b>	<b>-</b>	<b>2,107,791</b>	<b>1,889,784</b>	<b>-</b>	<b>-</b>	<b>1,889,784</b>
Changes in Net Assets	587,474	1,104	20,549	609,127	211,129	75,986	40,862	327,977
Net Assets, Beginning of Year	16,156,729	4,111,339	1,151,527	21,419,595	15,945,600	4,035,353	1,110,665	21,091,618
<b>Net Assets, End of Year</b>	<b>\$ 16,744,203</b>	<b>\$ 4,112,443</b>	<b>\$ 1,172,076</b>	<b>\$ 22,028,722</b>	<b>\$ 16,156,729</b>	<b>\$ 4,111,339</b>	<b>\$ 1,151,527</b>	<b>\$ 21,419,595</b>

See accompanying notes.

**National Society of the Sons of the American  
Revolution and Related Foundation  
Combined Statements of Cash Flows  
Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 609,127	\$ 327,977
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	256,474	259,609
Provision for uncollectible contributions	24,693	(1,220)
Realized and unrealized (gain) loss on investments	(237,021)	429,198
Contributions restricted for long-term purposes	(418,124)	(475,668)
Collection contributions returned	1,860	-
Non-cash additions to collections	(13,994)	(13,521)
Collections deaccessions	107,751	14,800
Loss on disposals of property and equipment	751	-
Change in:		
Accounts receivable	(1,606)	(9,604)
Contributions receivable	(77,303)	57,940
Inventories	(23,686)	(11,547)
Collections	-	(10,332)
Prepaid expenses and other current assets	(23,138)	(14,480)
Accounts payable	40,754	(36,590)
Accrued expenses	13,875	2,604
Deferred revenues	(859)	11,340
Net Cash Provided by Operating Activities	<u>259,554</u>	<u>530,506</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(383,580)	(600,403)
Proceeds from sale of investments	8,730,371	5,416,230
Purchases of investments	<u>(8,777,885)</u>	<u>(5,581,546)</u>
Net Cash Used in Investing Activities	(431,094)	(765,719)
Cash Flows from Financing Activities		
(Payments) borrowings on loan payable, net	(547,982)	55,315
Proceeds from contributions restricted for long-term purposes	<u>505,479</u>	<u>295,833</u>
Net Cash (Used in) Provided by Financing Activities	<u>(42,503)</u>	<u>351,148</u>
(Decrease) Increase in Cash and Cash Equivalents	(214,043)	115,935
Cash and Cash Equivalents, Beginning of Year	<u>1,188,448</u>	<u>1,072,513</u>
Cash and Cash Equivalents, End of Year	<u>\$ 974,405</u>	<u>\$ 1,188,448</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 20,697	\$ 20,795
Non-cash Operating and Investing Activities:		
Purchases of property and equipment included in accounts payable	9,640	15,550

See accompanying notes.

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements  
December 31, 2016 and 2015**

**Note A - Nature of Organization and Operation**

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

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

The accompanying combined financial statements include the accounts of the above named organizations (collectively the "Organization"). All inter-organizational balances and transactions have been eliminated in combination. The combined financial statements do not include the locally generated revenues of NSSAR's state or international chapters.

**Note B - Summary of Significant Accounting Policies**

1. Basis of Accounting: The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP"). The Accounting Standards Codification ("ASC"), as produced by the Financial Accounting Standards Board ("FASB"), is the sole source of authoritative GAAP.
2. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
3. Donor Imposed Restrictions: The Organization records and reports its assets, liabilities, net assets, revenues, expenses, gains and losses, and other support based on the existence or absence of donor-imposed restrictions.

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 purposed restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the combined statement of activities and changes in net assets as net assets released from restriction.

The Organization reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how the long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are acquired. Temporarily restricted net assets include gifts for which donor imposed restrictions are to be met.

Permanently restricted net assets include those contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.



**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2016 and 2015**

**Note B - Summary of Significant Accounting Policies (Continued)**

4. Subsequent Events: Subsequent events for the Organization have been considered through the date of the Independent Auditor's Report which represents the date the combined financial statements were available to be issued.
5. Cash and Cash Equivalents: The Organization considers all highly liquid investments with a maturity when purchased of three months or less that are not designated for a specific purpose, to be cash equivalents. The Organization typically maintains balances with its bank in excess of federally insured limits.
6. 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 uncollectible accounts receivable is currently reflected in the accompanying combined financial statements.
7. Contributions Receivable: 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 cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The Organization provides an allowance for uncollectible pledges based upon the collectability of each specific pledge. The allowance is \$40,840 and \$16,147 at December 31, 2016 and 2015, respectively.

8. 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 market.
9. Property and Equipment: Property and equipment are stated at cost, if purchased, or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 40 years. Depreciation expense for the years ended December 31, 2016 and 2015 was \$256,474 and \$259,609, respectively. Major renewals and betterments are capitalized while maintenance and repairs are expensed.
10. 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.
11. Impairments: The Organization periodically reviews the undepreciated values assigned to long-lived assets to determine if any impairments are indicated in accordance with the provisions of the FASB ASC. No impairments were noted as of December 31, 2016 or 2015.
12. Collections: NSSAR has an extensive collection of genealogical and historical materials and documents. Purchased collection items are stated at cost at the date of acquisition. Donated collection items are valued at their estimated fair value at the date of the gift or bequest. Items individually valued at \$5,000 or more are required to have an independent appraisal. Donations of collection items are reported as contributions on the accompanying combined statements of activities and changes in net assets. Depreciation is not provided on the library and museum collections.

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2016 and 2015**

**Note B - Summary of Significant Accounting Policies (Continued)**

13. Membership Dues and Deferred Revenues: Membership dues are collected for a calendar year period. Deferred revenues as of December 31, 2016 and 2015 consist principally of membership dues collected in advance of the upcoming calendar year.
14. 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.

The Organization recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

15. Recent Accounting Pronouncements: In August 2016, the FASB issued Accounting Standards Update No. 2016-14 (ASU 2016-14), *Presentation of Financial Statements of Not-for-Profit Entities*. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. This guidance included qualitative and quantitative requirements in the following areas: 1) net asset classes; 2) investment return; 3) expenses; 4) liquidity and availability of resources; and 5) presentation of operating cash flows. This standard is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted.

On May 28 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2020.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year ending December 31, 2021.

NSSAR is currently in the process of evaluating the impact of the adoption of these ASUs on the financial statements.

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note C - Contributions Receivable**

Contributions receivable at December 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
George Washington Fund	\$ 36,850	\$ 42,610
Center for Advancing America's Heritage	159,866	216,912
Other	<u>69,685</u>	<u>18,901</u>
	266,401	278,423
Less Allowance	(40,840)	(16,147)
Less Discounts to Present Value	<u>(4,331)</u>	<u>(6,301)</u>
	<u><u>\$ 221,230</u></u>	<u><u>\$ 255,975</u></u>

At December 31, 2016 and 2015, contributions receivable are estimated to be collected as follows:

	<u>2016</u>	<u>2015</u>
In less than one year	\$ 117,991	\$ 95,595
In one to five years	141,894	149,323
More than five years	<u>6,516</u>	<u>33,505</u>
	<u><u>\$ 266,401</u></u>	<u><u>\$ 278,423</u></u>

Contributions due after one year have been discounted to present value reflecting the time value of money using discount rates ranging from .38% to 1.96%.

**Note D - Investments**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices for similar assets or liabilities or model-derived valuations.
- Level 3: Unobservable inputs that are not corroborated by market data. These inputs reflect an organization's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note D - Investments (Continued)**

The following is a description of the valuation methodologies for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

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

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2016 and 2015:

	Investments at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 306,142	\$ -	\$ -	\$ 306,142
U.S. Government and agency securities	-	1,227,820	-	1,227,820
Corporate bonds and notes	-	1,144,193	-	1,144,193
Common Stock	1,992,910	-	-	1,992,910
Mutual Funds	4,484,706	-	-	4,484,706
	<u>\$ 6,783,758</u>	<u>\$ 2,372,013</u>	<u>\$ -</u>	<u>\$ 9,155,771</u>

	Investments at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 368,526	\$ -	\$ -	\$ 368,526
U.S. Government and agency securities	-	1,296,900	-	1,296,900
Corporate bonds and notes	-	1,688,227	-	1,688,227
Common Stock	3,447,417	-	-	3,447,417
Mutual Funds	2,070,166	-	-	2,070,166
	<u>\$ 5,886,109</u>	<u>\$ 2,985,127</u>	<u>\$ -</u>	<u>\$ 8,871,236</u>

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note D - Investments (Continued)**

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Organization.

Investment return for the year ended December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 268,022	\$ 226,762
Investment fees	(44,116)	(37,191)
Realized gains (losses), net	42,756	(56,400)
Unrealized appreciation (depreciation), net	<u>194,265</u>	<u>(372,798)</u>
	<u>\$ 460,927</u>	<u>\$ (239,627)</u>

**Note E - Property and Equipment**

At December 31, 2016 and 2015, property and equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 819,480	\$ 819,480
Buildings and improvements	8,363,120	8,148,281
Furniture and equipment	887,970	813,551
Construction in progress	<u>549,000</u>	<u>500,000</u>
	10,619,570	10,281,312
Less Accumulated Depreciation	<u>(1,145,268)</u>	<u>(927,455)</u>
	<u>\$ 9,474,302</u>	<u>\$ 9,353,857</u>

Construction in progress as of December 31, 2016 and 2015 consists of the initial costs incurred to design museum space at the Organization's headquarters at 809 West Main Street.

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note F - Collections**

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

At December 31, 2016 and 2015, collections are summarized as follows:

	<u>2016</u>	<u>2015</u>
Library		
Consists of family genealogies, American Revolution era county, state, local histories, miscellaneous biographies, bound volumes of periodicals, and other collectibles	\$ 1,387,392	\$ 1,373,398
Museum		
Consists principally of American Revolution era paintings, sculptures, donated furnishings, antiques, and artifacts	<u>1,328,763</u>	<u>1,438,374</u>
	<u>\$ 2,716,155</u>	<u>\$ 2,811,772</u>

NSSAR received non-cash contributions of library and museum collections totaling \$13,994 and \$13,521 during the years ended December 31, 2016 and 2015, respectively. Collections totaling \$109,611 and \$14,800 were deaccessioned during the years ended December 31, 2016 and 2015, respectively.

**Note G - Loan Payable**

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 .0625%, a rate of 2.125% at December 31, 2016. 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 August 2017. The Foundation's investments are pledged as collateral. At December 31, 2016 and 2015, the amount outstanding under the bank line of credit is \$690,733 and \$1,238,715, respectively.

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2016 and 2015**

**Note H - Restricted Net Assets**

At December 31, 2016, temporarily and permanently restricted net assets consist of the following:

Funds	NSSAR		Foundation	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Adams Memorial Middle School brochure contest	\$ -	\$ -	\$ 4,083	\$ 12,500
Americanism committee	945	-	18,768	-
Ancestry.com grant	-	-	11,155	-
Building and Outreach Education Endowment	-	-	-	1,200
Bond photography award	975	-	26,923	-
C.A.R.	543	-	30,931	-
Center for Advancing America's Heritage	-	-	501,200	-
Color guard	641	-	-	-
Council of Youth Awards	17,350	-	-	-
Eagle scouts	10,964	-	505,468	-
Genealogical	-	-	71,901	-
GRS	-	-	13,194	-
George Washington	676,077	1,104,350	-	-
Horne award	5,680	-	-	-
JROTC	2,293	-	120,580	-
Kendall	1,488	-	4,338	-
Kings College	9,366	-	56,972	-
Knight essay contest	6,825	-	158,412	-
Lawrence American history teacher	232	-	4,417	-
Library	31,114	-	215,329	-
Library endowment	-	-	2	-
Life membership	3	-	808,678	-
McCarty award	2,966	-	11,505	-
Meek award	9,897	-	-	-
Membership development	3,987	-	-	-
Memorial bricks	-	-	24,500	-
Merchant marine academy award	368	-	9,589	-
Military academy award	15	-	-	-
Millett library fund	-	-	154,268	-
Museum	18,401	-	80,220	-
Museum gallery fund	-	-	27,495	-
Newsletters award	2,055	-	45,771	-
Patriot index	1,960	-	10,432	-
Roger Ruth endowment	-	-	3,238	54,026
Rumbaugh orations contest	2,322	-	350,402	-
SAR magazine	4,669	-	8,652	-
State society annual report award	674	-	19,725	-
U.S. stamp	2,485	-	-	-
	<u>\$ 814,295</u>	<u>\$ 1,104,350</u>	<u>\$ 3,298,148</u>	<u>\$ 67,726</u>

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2016 and 2015**

**Note H - Restricted Net Assets (Continued)**

At December 31, 2015, temporarily and permanently restricted net assets consist of the following:

Funds	NSSAR		Foundation	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Adams Memorial Middle School brochure contest	\$ 599	\$ -	\$ 2,931	\$ 12,500
Americanism committee	1,188	-	11,654	-
Ancestry.com grant	-	-	10,554	-
Building and Outreach Education Endowment	-	-	-	1,200
Bond photography award	1,224	-	25,473	-
C.A.R.	443	-	29,994	-
Center for Advancing America's heritage	-	-	783,626	-
Color guard	641	-	-	-
Eagle scouts	30,472	-	468,309	-
Genealogical	-	-	68,028	-
George Washington	641,024	1,080,801	-	-
Horne award	5,561	-	-	-
JROTC	7,465	-	104,579	-
Kendall	1,488	-	4,104	-
Kings College	8,550	-	7,000	-
Knight essay contest	4,513	-	152,290	-
Lawrence American history teacher	232	-	4,179	-
Library	30,264	-	197,812	-
Library endowment	-	-	1,138	3,000
Life membership	-	-	764,429	-
McCarty award	3,315	-	10,885	-
Meek award	9,690	-	-	-
Membership development	3,986	-	-	-
Merchant marine academy award	773	-	6,098	-
Military academy award	5,485	-	-	-
Millett library fund	-	-	148,656	-
Museum	18,395	-	73,527	-
Museum gallery fund	0	-	26,025	-
Newsletters award	3,304	-	43,306	-
Patriot index	1,960	-	9,870	-
Roger Ruth endowment	-	-	153	54,026
Rumbaugh orations contest	4,955	-	328,420	-
SAR magazine	4,667	-	8,186	-
SARACAR 2016	8,100	-	-	-
State society annual report award	673	-	18,662	-
U.S. stamp	2,484	-	-	-
	<u>\$ 801,451</u>	<u>\$ 1,080,801</u>	<u>\$ 3,309,888</u>	<u>\$ 70,726</u>



**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note I - 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 permanently restricted net assets 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 in permanently restricted net assets is classified as temporarily restricted until appropriated for expenditure by the Organization.

At December 31, 2016, endowment investments consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated	\$ 4,476,308	\$ -	\$ -	\$ 4,476,308
Donor restricted	<u>-</u>	<u>669,879</u>	<u>1,135,843</u>	<u>1,805,722</u>
	<u>\$ 4,476,308</u>	<u>\$ 669,879</u>	<u>\$ 1,135,843</u>	<u>\$ 6,282,030</u>

At December 31, 2015, endowment investments consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated	\$ 4,398,462	\$ -	\$ -	\$ 4,398,462
Donor restricted	<u>-</u>	<u>630,741</u>	<u>1,109,530</u>	<u>1,740,271</u>
	<u>\$ 4,398,462</u>	<u>\$ 630,741</u>	<u>\$ 1,109,530</u>	<u>\$ 6,138,733</u>

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note I - Endowment Funds (Continued)**

Changes in endowment investments for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments, beginning of the year	\$ 4,398,462	\$ 630,741	\$ 1,109,530	\$ 6,138,733
Investment Return				
Investment income	117,059	37,152	-	154,211
Net appreciation	<u>133,050</u>	<u>23,940</u>	<u>-</u>	<u>156,990</u>
Total Investment Return	250,109	61,092	-	311,201
Contributions	-	-	29,313	29,313
Contributions redesignated			(3,000)	(3,000)
Appropriation for expenditures	(177,000)	(21,954)	-	(198,954)
Transfer to board designated endowment funds	<u>4,737</u>	<u>-</u>	<u>-</u>	<u>4,737</u>
Endowment Investments, End of the Year	<u>\$ 4,476,308</u>	<u>\$ 669,879</u>	<u>\$ 1,135,843</u>	<u>\$ 6,282,030</u>

Changes in endowment investments for the year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments, beginning of the year	\$ 4,688,542	\$ 671,176	\$ 1,074,485	\$ 6,434,203
Investment Return				
Investment income	104,360	27,044	-	131,404
Net depreciation	<u>(240,535)</u>	<u>(51,376)</u>	<u>-</u>	<u>(291,911)</u>
Total Investment Return	(136,175)	(24,332)	-	(160,507)
Contributions	-	-	35,045	35,045
Appropriation for expenditures	(159,330)	(16,103)	-	(175,433)
Transfer to board designated endowment funds	<u>5,425</u>	<u>-</u>	<u>-</u>	<u>5,425</u>
Endowment Investments, End of the Year	<u>\$ 4,398,462</u>	<u>\$ 630,741</u>	<u>\$ 1,109,530</u>	<u>\$ 6,138,733</u>

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note I - Endowment Funds (Continued)**

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 benchmarks 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.

Permanently restricted net assets consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Endowment investments	\$ 1,135,843	\$ 1,109,530
Pledges receivable	<u>36,233</u>	<u>41,997</u>
	<u>\$ 1,172,076</u>	<u>\$ 1,151,527</u>

**Note J - Functional Expense Classification**

The Organization's expenses by functional classification for the years ended December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Program service	\$ 1,732,843	\$ 1,537,918
Management and general	218,985	226,254
Fundraising	130,520	125,612
Bad debt expense	24,693	-
Loss on disposal of property and equipment	<u>751</u>	<u>-</u>
	<u>\$ 2,107,791</u>	<u>\$ 1,889,784</u>

**Note K - Operating Leases**

NSSAR currently leases certain office equipment under three separate operating leases. The operating leases have combined base rental payments of \$1,412 per month. The leases expire in various terms through March 2021. Rental expense related to these operating leases for the years ended December 31, 2016 and 2015 totaled \$16,098 and \$14,425, respectively.

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2016 and 2015**

**Note K - Operating Leases (Continued)**

At December 31, 2016, the remaining commitments under all operating leases are as follows:

<u>Year Ending December 31</u>	
2017	\$ 11,844
2018	5,905
2019	3,385
2020	3,385
2021	846
	<u>\$ 25,365</u>

**Note L - 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, 2016 and 2015 totaled \$23,509 and \$23,325, respectively.

**Note M - Concentrations**

At December 31, 2016 one donor represented approximately 13% of net pledges receivable. There were no concentrations in net pledges receivable at December 31, 2015. During the years ended December 31, 2016 and 2015, the Organization received approximately 14% and 12%, respectively, of total contributions and bequests from one donor.

**Note N - Commitments/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, 2016, NSSAR had entered into four such contracts for events scheduled to occur through July 2020. The estimated cancellation fees range from approximately \$49,000 to \$163,000.

In February 2016, NSSAR entered into an agreement with King's College London ("KCL") to establish the SAR Visiting Professorship at KCL. The initial payment of \$38,600 was due on or before March 1, 2016. Payments of the same amount will be made on or before March 1, 2017 and 2018, respectively. The March 1, 2017 payment was made in November 2016 and is recorded in prepaid expenses and other current assets in the combined statement of financial position. NSSAR will evaluate its participation in the program in 2018 and will notify KCL no later than August 1, 2018 whether it will continue its support in 2019 and 2020.

## **Supplementary Information**

**National Society of the Sons of the American  
Revolution and Related Foundation  
Combining Statements of Financial Position  
December 31, 2016**

	NSSAR	Foundation	Eliminations	Combined
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 571,401	\$ 403,004	\$ -	\$ 974,405
Accounts receivable	22,667	-	-	22,667
Contributions receivable, net, current portion	13,800	63,351	-	77,151
Inventories	231,165	-	-	231,165
Prepaid expenses and other current assets	109,702	-	-	109,702
Due from the Foundation	109,420	-	(109,420)	-
Total Current Assets	<u>1,058,155</u>	<u>466,355</u>	<u>(109,420)</u>	<u>1,415,090</u>
Property and Equipment, net	9,472,941	1,361	-	9,474,302
Other Assets				
Investments	1,747,347	7,408,424	-	9,155,771
Contributions receivable, net, less current portion	22,434	121,645	-	144,079
Collections	2,716,155	-	-	2,716,155
Total Other Assets	<u>4,485,936</u>	<u>7,530,069</u>	<u>-</u>	<u>12,016,005</u>
Total Assets	<u>\$ 15,017,032</u>	<u>\$ 7,997,785</u>	<u>\$ (109,420)</u>	<u>\$ 22,905,397</u>
<b>Liabilities and Net Assets</b>				
Current Liabilities				
Accounts payable	\$ 92,171	\$ 17,258	\$ -	\$ 109,429
Accrued expenses	29,567	-	-	29,567
Deferred revenues	46,946	-	-	46,946
Loan payable	690,733	-	-	690,733
Due to NSSAR	-	109,420	(109,420)	-
Total Current Liabilities	<u>859,417</u>	<u>126,678</u>	<u>(109,420)</u>	<u>876,675</u>
Net Assets				
Unrestricted				
Undesignated	692,128	(22,436)	-	669,692
Invested in property and equipment and collection	11,546,842	1,361	-	11,548,203
Board designated - endowment	-	4,476,308	-	4,476,308
Board designated - program	-	50,000	-	50,000
Total Unrestricted Net Assets	<u>12,238,970</u>	<u>4,505,233</u>	<u>-</u>	<u>16,744,203</u>
Temporarily restricted	814,295	3,298,148	-	4,112,443
Permanently restricted	1,104,350	67,726	-	1,172,076
Total Net Assets	<u>14,157,615</u>	<u>7,871,107</u>	<u>-</u>	<u>22,028,722</u>
Total Liabilities and Net Assets	<u>\$ 15,017,032</u>	<u>\$ 7,997,785</u>	<u>\$ (109,420)</u>	<u>\$ 22,905,397</u>

See Independent Auditor's Report

**National Society of the Sons of the American  
Revolution and Related Foundation  
Combining Statements of Financial Position  
December 31, 2015**

	NSSAR	Foundation	Eliminations	Combined
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 588,389	\$ 600,059	\$ -	\$ 1,188,448
Accounts receivable	21,061	-	-	21,061
Contributions receivable, net, current portion	15,660	79,935	-	95,595
Inventories	207,479	-	-	207,479
Prepaid expenses and other current assets	86,564	-	-	86,564
Due from the Foundation	114,379	-	(114,379)	-
<b>Total Current Assets</b>	<b>1,033,532</b>	<b>679,994</b>	<b>(114,379)</b>	<b>1,599,147</b>
Property and Equipment, net	9,352,029	1,828	-	9,353,857
Other Assets				
Investments	1,681,672	7,189,564	-	8,871,236
Contributions receivable, net, less current portion	26,337	134,043	-	160,380
Collections	2,811,772	-	-	2,811,772
<b>Total Other Assets</b>	<b>4,519,781</b>	<b>7,323,607</b>	<b>-</b>	<b>11,843,388</b>
<b>Total Assets</b>	<b>\$ 14,905,342</b>	<b>\$ 8,005,429</b>	<b>\$ (114,379)</b>	<b>\$ 22,796,392</b>
<b>Liabilities and Net Assets</b>				
Current Liabilities				
Accounts payable	\$ 64,439	\$ 10,146	\$ -	\$ 74,585
Accrued expenses	15,692	-	-	15,692
Deferred revenues	47,805	-	-	47,805
Loan payable	1,238,715	-	-	1,238,715
Due to NSSAR	-	114,379	(114,379)	-
<b>Total Current Liabilities</b>	<b>1,366,651</b>	<b>124,525</b>	<b>(114,379)</b>	<b>1,376,797</b>
Net Assets				
Unrestricted				
Undesignated	730,152	-	-	730,152
Invested in property and equipment and collections	10,926,287	1,828	-	10,928,115
Board designated - endowment	-	4,398,462	-	4,398,462
Board designated - program	-	100,000	-	100,000
<b>Total Unrestricted Net Assets</b>	<b>11,656,439</b>	<b>4,500,290</b>	<b>-</b>	<b>16,156,729</b>
Temporarily restricted	801,451	3,309,888	-	4,111,339
Permanently restricted	1,080,801	70,726	-	1,151,527
<b>Total Net Assets</b>	<b>13,538,691</b>	<b>7,880,904</b>	<b>-</b>	<b>21,419,595</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,905,342</b>	<b>\$ 8,005,429</b>	<b>\$ (114,379)</b>	<b>\$ 22,796,392</b>

See Independent Auditor's Report

**National Society of the Sons of the American  
Revolution and Related Foundation  
Combining Statements of Activities and Changes in Net Assets  
Year Ended December 31, 2016**

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
<b>Revenues, Gains and Other Support</b>				
Per-capita dues and reinstatements	\$ 1,098,830	\$ -	\$ -	\$ 1,098,830
Admission fees	251,458	-	-	251,458
Supplemental fees	76,655	-	-	76,655
Net merchandise operations	95,267	-	-	95,267
Contributions and bequests	189,757	531,362	-	721,119
Other income	12,662	-	-	12,662
Net investment return	57,743	403,184	-	460,927
	<u>1,782,372</u>	<u>934,546</u>	<u>-</u>	<u>2,716,918</u>
<b>Expenses</b>				
Magazine, net	176,003	-	-	176,003
Library, net	176,774	-	-	176,774
Education	196,214	-	-	196,214
Programs	739,258	-	-	739,258
Awards	4,375	-	-	4,375
General and administrative	180,584	-	-	180,584
Occupancy and maintenance	18,581	-	-	18,581
President general discretionary fund	36,673	-	-	36,673
Meeting expense, net	51,710	-	-	51,710
Fundraising	-	117,720	-	117,720
Bad debt expense	-	24,693	-	24,693
Collection deaccessions	107,751	-	-	107,751
Loss on disposal of property and equipment	751	-	-	751
Interest	20,697	-	-	20,697
Depreciation	256,007	-	-	256,007
	<u>1,965,378</u>	<u>142,413</u>	<u>-</u>	<u>2,107,791</u>
<b>Transfers</b>				
Transfers from the foundation	803,854	(803,854)	-	-
Transfers to the foundation	(1,924)	1,924	-	-
	<u>801,930</u>	<u>(801,930)</u>	<u>-</u>	<u>-</u>
	801,930	(801,930)	-	-
Change in Net Assets	618,924	(9,797)	-	609,127
Net Assets, Beginning of Year	<u>13,538,691</u>	<u>7,880,904</u>	<u>-</u>	<u>21,419,595</u>
Net Assets, End of Year	<u>\$ 14,157,615</u>	<u>\$ 7,871,107</u>	<u>\$ -</u>	<u>\$ 22,028,722</u>

See Independent Auditor's Report



**National Society of the Sons of the American  
Revolution and Related Foundation  
Combining Statements of Activities and Changes in Net Assets  
Year Ended December 31, 2015**

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
<b>Revenues, Gains and Other Support</b>				
Per-capita dues and reinstatements	\$ 918,727	\$ -	\$ -	\$ 918,727
Admission fees	246,665	-	-	246,665
Supplemental fees	88,010	-	-	88,010
Net merchandise operations	125,441	-	-	125,441
Contributions and bequests	124,585	713,403	-	837,988
Meeting income, net	33,990	-	-	33,990
Other income	206,567	-	-	206,567
Net investment return	<u>(22,275)</u>	<u>(217,352)</u>	<u>-</u>	<u>(239,627)</u>
Total Revenues, Gains, and Other Support	1,721,710	496,051	-	2,217,761
<b>Expenses</b>				
Magazine, net	172,679	-	-	172,679
Library, net	167,210	-	-	167,210
Education	165,597	-	-	165,597
Programs	735,138	-	-	735,138
Awards	4,665	-	-	4,665
General and administrative	187,372	-	-	187,372
Occupancy and maintenance	19,902	-	-	19,902
President general discretionary fund	29,759	-	-	29,759
Fundraising	-	112,651	-	112,651
Collection deaccessions	14,800	-	-	14,800
Interest	20,795	-	-	20,795
Depreciation	<u>259,216</u>	<u>-</u>	<u>-</u>	<u>259,216</u>
Total Expenses	1,777,133	112,651	-	1,889,784
<b>Transfers</b>				
Transfers from the Foundation	511,346	(511,346)	-	-
Transfers to the Foundation	<u>(12,754)</u>	<u>12,754</u>	<u>-</u>	<u>-</u>
Total Transfers	498,592	(498,592)	-	-
Change in Net Assets	443,169	(115,192)	-	327,977
Net Assets, Beginning of Year	<u>13,095,522</u>	<u>7,996,096</u>	<u>-</u>	<u>21,091,618</u>
Net Assets, End of Year	<u>\$ 13,538,691</u>	<u>\$ 7,880,904</u>	<u>\$ -</u>	<u>\$ 21,419,595</u>

See Independent Auditor's Report

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Schedules of NSSAR Departmental Operations  
 Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Merchandise Operations		
Sales	\$ 462,632	\$ 539,819
Cost of sales		
Beginning inventory	207,479	195,932
Purchases	210,023	233,138
Payroll and employee benefits	126,877	125,458
Other costs	<u>54,151</u>	<u>67,329</u>
	598,530	621,857
Less: Ending Inventory	<u>(231,165)</u>	<u>(207,479)</u>
Total Cost of Sales	<u>367,365</u>	<u>414,378</u>
Net Merchandise Operations Revenue	<u>\$ 95,267</u>	<u>\$ 125,441</u>
Magazine Operations		
Magazine publication and distribution costs	\$ 208,542	\$ 206,300
Less: Magazine Advertising Income	(31,978)	(33,025)
Less: Non-member Subscription Income	<u>(561)</u>	<u>(596)</u>
Net Magazine Operations Expense	<u>\$ 176,003</u>	<u>\$ 172,679</u>
Library Operations		
Payroll and employee benefits	\$ 165,394	\$ 160,329
Other expenses	13,886	9,921
Less: Copying Fees	(1,260)	(1,850)
Less: User Fees	<u>(1,246)</u>	<u>(1,190)</u>
Net Library Operations Expense	<u>\$ 176,774</u>	<u>\$ 167,210</u>

See Independent Auditor's Report

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Schedules of Foundation Fundraising Expense  
 Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Payroll and employee benefits	\$ 42,348	\$ 42,153
Advertising and promotion	3,972	5,195
Printing and postage	49,739	29,550
Information technology	430	843
Legal fees	7,333	5,012
Licenses and fees	4,298	7,739
Member solicitation promotionals	3,697	17,935
General office and other expenses	3,488	3,429
Travel	1,948	401
Depreciation	467	394
	<u>\$ 117,720</u>	<u>\$ 112,651</u>

**National Society of the Sons of the American  
Revolution and Related Foundation  
Budget to Actual Schedule - NSSAR General Operating Fund  
Year Ended December 31, 2016**

	(Unaudited) Budget	Actual	Favorable (Unfavorable) Variances
<b>Revenues and Other Support</b>			
Per-capita dues and reinstatements	\$ 1,106,000	\$ 1,098,830	\$ (7,170)
Admission fees	234,000	251,458	17,458
Supplemental fees	76,000	76,655	655
Net merchandise operations	105,000	95,267	(9,733)
Contributions and bequests	-	83,641	83,641
Other income	18,000	12,662	(5,338)
Net income from investments	-	296	296
Distributions from the Foundation	-	105,000	105,000
Total Revenues and Other Support	1,539,000	1,723,809	184,809
<b>Expenses</b>			
Payroll and employee benefits	614,000	599,957	14,043
Insurance	46,700	34,428	12,272
General office and other expenses	45,900	34,798	11,102
Public relations/marketing	2,000	1,274	726
Computer expenses	30,000	24,247	5,753
Professional fees	30,000	27,165	2,835
Occupancy and maintenance	77,000	74,324	2,676
President General discretionary fund	40,000	36,673	3,327
Other officer travel	5,000	450	4,550
Meeting expense, net	-	51,710	(51,710)
Interest and other expenses	21,235	20,697	538
Magazine	177,000	176,003	997
Library	175,800	176,774	(974)
Education	167,000	196,214	(29,214)
Awards	7,000	4,375	2,625
Total Expenses	1,438,635	1,459,089	(20,454)
<b>Transfers</b>			
Interfund transfers from the life membership fund	-	58,860	58,860
Interfund transfers to the property and equipment fund	(45,000)	(183,300)	(138,300)
Transfers to the SAR Foundation, Inc.	-	(1,924)	(1,924)
Total Transfers	(45,000)	(126,364)	(81,364)
Change in Net Assets	\$ 55,365	\$ 138,356	\$ 82,991

See Independent Auditor's Report

**National Society of the Sons of the American  
Revolution and Related Foundation  
Budget to Actual Schedule - NSSAR General Operating Fund  
Year Ended December 31, 2015**

	(Unaudited) Budget	Actual	Favorable (Unfavorable) Variances
<b>Revenues and Other Support</b>			
Per-capita dues and reinstatements	\$ 943,000	\$ 918,727	\$ (24,273)
Admission fees	234,000	246,665	12,665
Supplemental fees	76,000	88,010	12,010
Net merchandise operations	105,000	125,441	20,441
Contributions and bequests	-	42,140	42,140
Meeting income, net	-	33,990	33,990
Other income	74,000	61,882	(12,118)
Net income from investments	-	553	553
Operation Ancestor Search	60,000	-	(60,000)
Distributions from the Foundation	190,000	108,000	(82,000)
<b>Total Revenues and Other Support</b>	<b>1,682,000</b>	<b>1,625,408</b>	<b>(56,592)</b>
<b>Expenses</b>			
Payroll and employee benefits	644,000	598,743	45,257
Insurance	38,000	42,987	(4,987)
General office and other expenses	50,500	46,625	3,875
Public relations/marketing	2,000	2,367	(367)
Computer expenses	165,500	28,446	137,054
Professional fees	28,000	29,639	(1,639)
Occupancy and maintenance	90,000	79,610	10,390
President General discretionary fund	35,000	29,759	5,241
Other officer travel	5,000	692	4,308
Other expenses	26,250	20,795	5,455
Magazine	177,000	172,679	4,321
Library	164,000	167,210	(3,210)
Education	139,000	165,597	(26,597)
Operation Ancestor Search	60,000	42,867	17,133
Awards	6,000	4,665	1,335
<b>Total Expenses</b>	<b>1,630,250</b>	<b>1,432,681</b>	<b>197,569</b>
<b>Transfers</b>			
Interfund transfers from the life membership fund	30,000	49,480	19,480
Interfund transfers to the property and equipment fund	(30,000)	(112,918)	(82,918)
Transfers to the SAR Foundation, Inc.	-	(10,754)	(10,754)
<b>Total Transfers</b>	<b>-</b>	<b>(74,192)</b>	<b>(74,192)</b>
<b>Change in Net Assets</b>	<b>\$ 51,750</b>	<b>\$ 118,535</b>	<b>\$ 66,785</b>

See Independent Auditor's Report