

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

**Combined Financial Statements**

**December 31, 2015 and 2014**

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

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December 31, 2015 and 2014

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## **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, 2015 and 2014, 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.


## **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, 2015 and 2014, 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.

A handwritten signature in black ink that reads "M. Chilton Madley, LLC". The signature is written in a cursive, flowing style.

Louisville, Kentucky

March 4, 2015

**National Society of the Sons of the American  
Revolution and Related Foundation  
Combined Statements of Financial Position  
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,188,448	\$ 1,072,513
Accounts receivable	21,061	11,457
Contributions receivable, net, current portion	95,595	79,835
Inventories	207,479	195,932
Prepaid expenses and other current assets	86,564	72,084
Total Current Assets	<u>1,599,147</u>	<u>1,431,821</u>
Property and Equipment, net	9,353,857	9,078,576
Other Assets		
Investments	8,871,236	9,135,118
Contributions receivable, net, less current portion	160,380	53,025
Collections	2,811,772	2,802,719
Total Other Assets	<u>11,843,388</u>	<u>11,990,862</u>
Total Assets	<u>\$ 22,796,392</u>	<u>\$ 22,501,259</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 74,585	\$ 176,688
Accrued expenses	15,692	13,088
Deferred revenues	47,805	36,465
Loan payable	1,238,715	1,183,400
Total Current Liabilities	<u>1,376,797</u>	<u>1,409,641</u>
Commitments and Contingencies		
Net Assets		
Unrestricted		
Undesignated	730,152	498,869
Invested in property and equipment and collections	10,928,115	10,708,189
Board designated endowment	4,398,462	4,688,542
Board designated - program	100,000	50,000
Total Unrestricted Net Assets	<u>16,156,729</u>	<u>15,945,600</u>
Temporarily restricted	4,111,339	4,035,353
Permanently restricted	1,151,527	1,110,665
Total Net Assets	<u>21,419,595</u>	<u>21,091,618</u>
Total Liabilities and Net Assets	<u>\$ 22,796,392</u>	<u>\$ 22,501,259</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, 2015 and 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>								
Per-capita dues and reinstatements	\$ 918,727	\$ -	\$ -	\$ 918,727	\$ 907,331	\$ -	\$ -	\$ 907,331
Admission fees	246,665	-	-	246,665	232,947	-	-	232,947
Supplemental fees	88,010	-	-	88,010	72,915	-	-	72,915
Net merchandise operations	125,441	-	-	125,441	126,681	-	-	126,681
Contributions and bequests	224,282	572,844	40,862	837,988	106,370	988,967	99,508	1,194,845
Meeting income, net	33,990	-	-	33,990	37,922	-	-	37,922
Other income	206,567	-	-	206,567	16,202	-	-	16,202
Investment income (loss), net	(135,620)	(104,007)	-	(239,627)	153,804	195,097	-	348,901
Net gain on disposals of property and equipment	-	-	-	-	734,035	-	-	734,035
Net assets released from restrictions:								
Satisfaction of program restrictions	183,363	(183,363)	-	-	151,771	(151,771)	-	-
Satisfaction of capital improvement restrictions	209,488	(209,488)	-	-	684,877	(684,877)	-	-
<b>Total Revenues, Gains, and Other Support</b>	<b>2,100,913</b>	<b>75,986</b>	<b>40,862</b>	<b>2,217,761</b>	<b>3,224,855</b>	<b>347,416</b>	<b>99,508</b>	<b>3,671,779</b>
<b>Expenses</b>								
Magazine, net	172,679	-	-	172,679	179,654	-	-	179,654
Library, net	167,210	-	-	167,210	155,388	-	-	155,388
Education	165,597	-	-	165,597	136,711	-	-	136,711
Programs	735,138	-	-	735,138	824,641	-	-	824,641
Awards	4,665	-	-	4,665	7,963	-	-	7,963
General and administrative	187,372	-	-	187,372	204,632	-	-	204,632
Occupancy and maintenance	19,902	-	-	19,902	26,002	-	-	26,002
President General discretionary fund	29,759	-	-	29,759	49,463	-	-	49,463
Fundraising	112,651	-	-	112,651	145,395	-	-	145,395
Collections deaccessions	14,800	-	-	14,800	-	-	-	-
Interest	20,795	-	-	20,795	9,322	-	-	9,322
Depreciation	259,216	-	-	259,216	204,443	-	-	204,443
<b>Total Expenses</b>	<b>1,889,784</b>	<b>-</b>	<b>-</b>	<b>1,889,784</b>	<b>1,943,614</b>	<b>-</b>	<b>-</b>	<b>1,943,614</b>
<b>Changes in Net Assets</b>	<b>211,129</b>	<b>75,986</b>	<b>40,862</b>	<b>327,977</b>	<b>1,281,241</b>	<b>347,416</b>	<b>99,508</b>	<b>1,728,165</b>
<b>Net Assets, Beginning of Year</b>	<b>15,945,600</b>	<b>4,035,353</b>	<b>1,110,665</b>	<b>21,091,618</b>	<b>14,664,359</b>	<b>3,687,937</b>	<b>1,011,157</b>	<b>19,363,453</b>
<b>Net Assets, End of Year</b>	<b>\$ 16,156,729</b>	<b>\$ 4,111,339</b>	<b>\$ 1,151,527</b>	<b>\$ 21,419,595</b>	<b>\$ 15,945,600</b>	<b>\$ 4,035,353</b>	<b>\$ 1,110,665</b>	<b>\$ 21,091,618</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 327,977	\$ 1,728,165
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	259,609	204,785
Provision for uncollectible contributions	(1,220)	(3,109)
Realized and unrealized loss (gain) on investments	429,198	(116,564)
Contributions restricted for long-term purposes	(475,668)	(910,705)
Non-cash additions to collections	(13,521)	(2,297)
Collections deaccessions	14,800	-
Gain on disposals of property and equipment	-	(734,035)
Change in:		
Accounts receivable	(9,604)	(7,103)
Contributions receivable	57,940	3,109
Inventories	(11,547)	28,013
Collections	(10,332)	-
Prepaid expenses and other current assets	(14,480)	(6,324)
Accounts payable	(36,590)	(144,209)
Accrued expenses	2,604	(4,688)
Deferred revenues	11,340	(6,198)
Net Cash Provided by Operating Activities	<u>530,506</u>	<u>28,840</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(600,403)	(1,655,944)
Proceeds from sale property and equipment	-	1,138,000
Proceeds from sale of investments	5,416,230	10,288,722
Purchases of investments	<u>(5,581,546)</u>	<u>(11,756,337)</u>
Net Cash Used in Investing Activities	<u>(765,719)</u>	<u>(1,985,559)</u>
Cash Flows from Financing Activities		
Borrowings on loan payable, net	55,315	1,106,000
Proceeds from contributions restricted for long-term purposes	<u>295,833</u>	<u>916,582</u>
Net Cash Provided by Financing Activities	<u>351,148</u>	<u>2,022,582</u>
Increase in Cash and Cash Equivalents	115,935	65,863
Cash and Cash Equivalents, Beginning of Year	<u>1,072,513</u>	<u>1,006,650</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,188,448</u>	<u>\$ 1,072,513</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 20,795	\$ 9,322
Non-cash Operating and Investing Activities		
Purchases of property and equipment included in accounts payable	15,550	81,063

See accompanying notes.

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements  
December 31, 2015 and 2014**

**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.



**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2015 and 2014**

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

3. Donor Imposed Restrictions (Continued): 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.
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 \$16,147 and \$17,367 at December 31, 2015 and 2014, 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, 2015 and 2014 was \$259,609 and \$204,785, 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, 2015 or 2014.

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2015 and 2014**

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

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.
13. Membership Dues and Deferred Revenues: Membership dues are collected for a calendar year period. Deferred revenues as of December 31, 2015 and 2014 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. Reclassifications: Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation.

**Note C - Contributions Receivable**

Contributions receivable at December 31, 2015 and 2014 consist of the following:

	2015	2014
George Washington Fund	\$ 42,610	\$ 39,890
Center for Advancing America's Heritage	216,912	113,471
Other	18,901	-
	278,423	153,361
Less Allowance	(16,147)	(17,367)
Less Discounts to Present Value	(6,301)	(3,134)
	\$ 255,975	\$ 132,860

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2015 and 2014**

**Note C - Contributions Receivable (Continued)**

At December 31, 2015 and 2014, contributions receivable are estimated to be collected as follows:

	2015	2014
In less than one year	\$ 95,595	\$ 79,835
In one to five years	149,323	73,526
More than five years	33,505	-
	\$ 278,423	\$ 153,361

Contributions due after one year have been discounted to present value reflecting the time value of money using discount rates ranging from .38% to 2.27%.

**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.

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, 2015 and 2014.

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.

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2015 and 2014**

**Note D - Investments (Continued)**

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2015 and 2014:

	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				
Large cap domestic	1,746,929	-	-	1,746,929
Small & mid cap domestic	681,748	-	-	681,748
International	701,160	-	-	701,160
Emerging markets	230,302	-	-	230,302
Real estate	87,278	-	-	87,278
Mutual Funds				
Fixed income	373,423	-	-	373,423
International	53,694	-	-	53,694
Emerging markets	160,026	-	-	160,026
Real estate	272,644	-	-	272,644
Alternative strategies	1,210,379	-	-	1,210,379
	<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, 2015 and 2014**

**Note D - Investments (Continued)**

	Investments at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 508,716	\$ -	\$ -	\$ 508,716
U.S. Government and agency securities	-	927,617	-	927,617
Corporate bonds and notes	-	1,479,181	-	1,479,181
Common Stock				
Large cap domestic	2,028,162	-	-	2,028,162
Small & mid cap domestic	685,285	-	-	685,285
International	615,227	-	-	615,227
Emerging markets	146,155	-	-	146,155
Real estate	91,343	-	-	91,343
Mutual Funds				
Fixed income	382,917	-	-	382,917
International	72,876	-	-	72,876
Emerging markets	494,977	-	-	494,977
Real estate	380,457	-	-	380,457
Alternative strategies	1,322,205	-	-	1,322,205
	<u>\$ 6,728,320</u>	<u>\$ 2,406,798</u>	<u>\$ -</u>	<u>\$ 9,135,118</u>

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, 2015 and 2014 is as follows:

	2015	2014
Interest and dividends	\$ 226,762	\$ 263,815
Investment fees	(37,191)	(31,478)
Realized (losses) gains, net	(56,400)	780,896
Unrealized depreciation, net	(372,798)	(664,332)
	<u>\$ (239,627)</u>	<u>\$ 348,901</u>

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2015 and 2014**

**Note E - Property and Equipment**

At December 31, 2015 and 2014, property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 819,480	\$ 819,480
Buildings and improvements	8,148,281	7,909,901
Furniture and equipment	813,551	642,041
Construction in progress	<u>500,000</u>	<u>375,000</u>
	10,281,312	9,746,422
Less Accumulated Depreciation	<u>(927,455)</u>	<u>(667,846)</u>
	<u><u>\$ 9,353,857</u></u>	<u><u>\$ 9,078,576</u></u>

Construction in progress as of December 31, 2015 and 2014 consists of the initial costs incurred to design museum space at the Organization's headquarters at 809 West Main Street. The Organization and has entered into a contract related to the museum design for a total cost of \$549,000. As of December 31, 2015, \$500,000 has been paid under this contract with the remaining balance expected to be paid during the year ended December 31, 2016.

**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, 2015 and 2014, collections are summarized as follows:

	<u>2015</u>	<u>2014</u>
Library		
Consists of family genealogies, American Revolution era county, state, local histories, miscellaneous biographies, bound volumes of periodicals, and other collectibles	\$ 1,373,398	\$ 1,364,345
Museum		
Consists principally of American Revolution era paintings, sculptures, donated furnishings, antiques, and artifacts	<u>1,438,374</u>	<u>1,438,374</u>
	<u><u>\$ 2,811,772</u></u>	<u><u>\$ 2,802,719</u></u>

NSSAR received non-cash contributions of library and museum collections totaling \$13,521 and \$2,297 during the years ended December 31, 2015 and 2014, respectively. Collections totaling \$14,800 were deaccessioned during the year ended December 31, 2015.

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2015 and 2014**

**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 1.75% at December 31, 2015. 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 2016. The Foundation's investments are pledged as collateral. At December 31, 2015 and 2014, the amount outstanding under the bank line of credit is \$1,238,715 and \$1,183,400, respectively.

**Note H - Restricted Net Assets**

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	-	-	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, 2015 and 2014**

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

At December 31, 2014, 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	\$ 598	\$ -	\$ 3,962	\$ 12,500
Americanism committee	937	-	10,406	-
Ancestry.com grant	53,661	-	-	-
Building and Outreach Education Endowment	-	-	-	1,200
Bond photography award	1,224	-	27,225	-
C.A.R.	1,513	-	30,911	-
Center for Advancing America's heritage	-	-	635,796	-
Color guard	641	-	-	-
Eagle scouts	21,423	-	496,400	-
Genealogical	-	-	70,108	-
George Washington	673,940	1,039,939	-	-
Home award	5,670	-	-	-
JROTC	11,980	-	85,051	-
Kendall	1,487	-	4,230	-
Knight essay contest	3,797	-	147,286	-
Lawrence American history teacher	232	-	5,173	-
Library	13,014	-	194,897	-
Library endowment	-	-	994	3,000
Life membership	-	-	788,778	-
McCarty award	3,313	-	11,558	-
Meek award	9,816	-	-	-
Membership development	3,984	-	-	-
Merchant marine academy award	973	-	6,285	-
Military academy award	5,718	-	-	-
Millett library fund	-	-	181,199	-
Museum	17,275	-	75,574	-
Newsletters award	2,653	-	46,382	-
Patriot index	1,931	-	10,172	-
Roger Ruth endowment	-	-	1,810	54,026
Rumbaugh orations contest	5,895	-	323,991	-
SAR magazine	4,665	-	8,436	-
State society annual report award	673	-	19,233	-
U.S. stamp	2,483	-	-	-
	<u>\$ 849,496</u>	<u>\$ 1,039,939</u>	<u>\$ 3,185,857</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, 2015 and 2014**

**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, 2015, endowment net assets 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>

At December 31, 2014, endowment net assets consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated	\$ 4,688,542	\$ -	\$ -	\$ 4,688,542
Donor restricted	<u>-</u>	<u>671,176</u>	<u>1,074,485</u>	<u>1,745,661</u>
	<u>\$ 4,688,542</u>	<u>\$ 671,176</u>	<u>\$ 1,074,485</u>	<u>\$ 6,434,203</u>

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2015 and 2014**

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

Changes in endowment net assets 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 appreciation	<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>

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments, beginning of the year	\$ 3,481,091	\$ 596,303	\$ 982,707	\$ 5,060,101
Investment Return				
Investment income	129,935	26,304	-	156,239
Net appreciation	<u>23,973</u>	<u>69,291</u>	<u>-</u>	<u>93,264</u>
Total Investment Return	153,908	95,595	-	249,503
Contributions	-	-	91,778	91,778
Appropriation for expenditures	(90,000)	(20,722)	-	(110,722)
Transfer to board designated endowment funds	<u>1,143,543</u>	<u>-</u>	<u>-</u>	<u>1,143,543</u>
Endowment Investments, End of the Year	<u>\$ 4,688,542</u>	<u>\$ 671,176</u>	<u>\$ 1,074,485</u>	<u>\$ 6,434,203</u>

**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Notes to the Combined Financial Statements (Continued)  
 December 31, 2015 and 2014**

**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 distributions equal to 3% of an endowment fund's twelve month average. In July 2014, the spending policy was amended to allow for a distribution equal to 4% of the average of the three years' beginning period endowment values.

**Note J - Functional Expense Classification**

The Organization's expenses by functional classification for the years ended December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Program service	\$ 1,503,929	\$ 1,514,776
Management and general	226,254	235,298
Fundraising	<u>125,612</u>	<u>155,617</u>
	<u>\$ 1,855,794</u>	<u>\$ 1,905,692</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 September 2018. Rental expense related to these operating leases for the years ended December 31, 2015 and 2014 totaled \$14,425 and \$14,111, respectively.

At December 31, 2015, the remaining commitments under all operating leases are as follows:

<u>Year Ending December 31</u>	
2016	\$ 14,406
2017	8,459
2018	<u>2,520</u>
	<u>\$ 25,385</u>

**National Society of the Sons of the American  
Revolution and Related Foundation  
Notes to the Combined Financial Statements (Continued)  
December 31, 2015 and 2014**

**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, 2015 and 2014 totaled \$23,325 and \$23,167, respectively.

**Note M - Concentrations**

At December 31, 2014 two donors represented approximately 36% of net pledges receivable. There were no concentrations in net pledges receivable at December 31, 2015. During the years ended December 31, 2015 and 2014, the Organization received approximately 12% and 21%, respectively, of total contributions and bequests from a total of two different donors.

**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, 2015, NSSAR had entered into eleven such contracts for events scheduled to occur through July 2019. The estimated cancellation fees range from approximately \$38,000 to \$242,000.

In February 2016, NSSAR entered into a donation agreement with King's College London ("KCL") to establish the SAR Visiting Professorship at KCL. The initial donation of \$38,600 is due on or before March 1, 2016. Donations of the same amount will be made on or before March 1, 2017 and 2018, respectively. 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.

**Note O - Subsequent Event**

In February 2016, the Trustees approved payment on the loan payable in the amount of \$500,000.

## **Supplementary Information**

**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)	-
Total Current Assets	1,033,532	679,994	(114,379)	1,599,147
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
Total Other Assets	4,519,781	7,323,607	-	11,843,388
Total Assets	<u>\$ 14,905,342</u>	<u>\$ 8,005,429</u>	<u>\$ (114,379)</u>	<u>\$ 22,796,392</u>
<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)	-
Total Current Liabilities	1,366,651	124,525	(114,379)	1,376,797
Net Assets				
Unrestricted				
Undesignated	730,152	-	-	730,152
Invested in property and equipment and collection	10,926,287	1,828	-	10,928,115
Board designated - endowment	-	4,398,462	-	4,398,462
Board designated - program	-	100,000	-	100,000
Total Unrestricted Net Assets	11,656,439	4,500,290	-	16,156,729
Temporarily restricted	801,451	3,309,888	-	4,111,339
Permanently restricted	1,080,801	70,726	-	1,151,527
Total Net Assets	13,538,691	7,880,904	-	21,419,595
Total Liabilities and Net Assets	<u>\$ 14,905,342</u>	<u>\$ 8,005,429</u>	<u>\$ (114,379)</u>	<u>\$ 22,796,392</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, 2014**

	NSSAR	Foundation	Eliminations	Combined
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 511,498	\$ 561,015	\$ -	\$ 1,072,513
Accounts receivable	11,086	371	-	11,457
Contributions receivable, net, current portion	16,550	63,285	-	79,835
Inventories	195,932	-	-	195,932
Prepaid expenses and other current assets	72,084	-	-	72,084
Due from the Foundation	106,724	-	(106,724)	-
<b>Total Current Assets</b>	<b>913,874</b>	<b>624,671</b>	<b>(106,724)</b>	<b>1,431,821</b>
Property and Equipment, net	9,077,605	971	-	9,078,576
Other Assets				
Investments	1,685,200	7,449,918	-	9,135,118
Contributions receivable, net, less current portion	19,082	33,943	-	53,025
Collections	2,802,719	-	-	2,802,719
<b>Total Other Assets</b>	<b>4,507,001</b>	<b>7,483,861</b>	<b>-</b>	<b>11,990,862</b>
<b>Total Assets</b>	<b>\$ 14,498,480</b>	<b>\$ 8,109,503</b>	<b>\$ (106,724)</b>	<b>\$ 22,501,259</b>
<b>Liabilities and Net Assets</b>				
Current Liabilities				
Accounts payable	\$ 170,005	\$ 6,683	\$ -	\$ 176,688
Accrued expenses	13,088	-	-	13,088
Deferred revenues	36,465	-	-	36,465
Loan payable	1,183,400	-	-	1,183,400
Due to NSSAR	-	106,724	(106,724)	-
<b>Total Current Liabilities</b>	<b>1,402,958</b>	<b>113,407</b>	<b>(106,724)</b>	<b>1,409,641</b>
Net Assets				
Unrestricted				
Undesignated	498,869	-	-	498,869
Invested in property and equipment and collections	10,707,218	971	-	10,708,189
Board designated - endowment	-	4,688,542	-	4,688,542
Board designated - program	-	50,000	-	50,000
<b>Total Unrestricted Net Assets</b>	<b>11,206,087</b>	<b>4,739,513</b>	<b>-</b>	<b>15,945,600</b>
Temporarily restricted	849,496	3,185,857	-	4,035,353
Permanently restricted	1,039,939	70,726	-	1,110,665
<b>Total Net Assets</b>	<b>13,095,522</b>	<b>7,996,096</b>	<b>-</b>	<b>21,091,618</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,498,480</b>	<b>\$ 8,109,503</b>	<b>\$ (106,724)</b>	<b>\$ 22,501,259</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, 2015**

	NSSAR	Foundation	Eliminations	Combined
<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	(22,275)	(217,352)	-	(239,627)
<b>Total Revenues, Gains, and Other Support</b>	<b>1,721,710</b>	<b>496,051</b>	<b>-</b>	<b>2,217,761</b>
<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	259,216	-	-	259,216
<b>Total Expenses</b>	<b>1,777,133</b>	<b>112,651</b>	<b>-</b>	<b>1,889,784</b>
<b>Transfers</b>				
Transfers from the foundation	511,346	(511,346)	-	-
Transfers to the foundation	(12,754)	12,754	-	-
<b>Total Transfers</b>	<b>498,592</b>	<b>(498,592)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>443,169</b>	<b>(115,192)</b>	<b>-</b>	<b>327,977</b>
<b>Net Assets, Beginning of Year</b>	<b>13,095,522</b>	<b>7,996,096</b>	<b>-</b>	<b>21,091,618</b>
<b>Net Assets, End of Year</b>	<b>\$ 13,538,691</b>	<b>\$ 7,880,904</b>	<b>\$ -</b>	<b>\$ 21,419,595</b>

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**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, 2014**

	<u>NSSAR</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
<b>Revenues, Gains and Other Support</b>				
Per-capita dues and reinstatements	\$ 907,331	\$ -	\$ -	\$ 907,331
Admission fees	232,947	-	-	232,947
Supplemental fees	72,915	-	-	72,915
Net merchandise operations	126,681	-	-	126,681
Contributions and bequests	159,360	1,035,485	-	1,194,845
Meeting income, net	37,922	-	-	37,922
Other income	16,202	-	-	16,202
Net investment return	92,746	256,155	-	348,901
Net gain on disposals of property and equipment	734,035	-	-	734,035
<b>Total Revenues, Gains, and Other Support</b>	<b>2,380,139</b>	<b>1,291,640</b>	<b>-</b>	<b>3,671,779</b>
<b>Expenses</b>				
Magazine, net	179,654	-	-	179,654
Library, net	155,388	-	-	155,388
Education	136,711	-	-	136,711
Programs	824,641	-	-	824,641
Awards	7,963	-	-	7,963
General and administrative	204,632	-	-	204,632
Occupancy and maintenance	26,002	-	-	26,002
President general discretionary fund	49,463	-	-	49,463
Fundraising	-	145,395	-	145,395
Interest	9,322	-	-	9,322
Depreciation	204,443	-	-	204,443
<b>Total Expenses</b>	<b>1,798,219</b>	<b>145,395</b>	<b>-</b>	<b>1,943,614</b>
<b>Transfers</b>				
Transfers from the Foundation	703,104	(703,104)	-	-
Transfers to the Foundation	(1,345,327)	1,345,327	-	-
<b>Total Transfers</b>	<b>(642,223)</b>	<b>642,223</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(60,303)</b>	<b>1,788,468</b>	<b>-</b>	<b>1,728,165</b>
<b>Net Assets, Beginning of Year</b>	<b>13,155,825</b>	<b>6,207,628</b>	<b>-</b>	<b>19,363,453</b>
<b>Net Assets, End of Year</b>	<b>\$ 13,095,522</b>	<b>\$ 7,996,096</b>	<b>\$ -</b>	<b>\$ 21,091,618</b>

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Merchandise Operations</b>		
Sales	\$ 539,819	\$ 516,729
Cost of sales		
Beginning inventory	195,932	223,945
Purchases	233,138	198,359
Payroll and employee benefits	125,458	92,663
Other costs	<u>67,329</u>	<u>71,013</u>
	621,857	585,980
Less: Ending Inventory	<u>(207,479)</u>	<u>(195,932)</u>
Total Cost of Sales	<u>414,378</u>	<u>390,048</u>
Net Merchandise Operations Revenue	<u>\$ 125,441</u>	<u>\$ 126,681</u>
<b>Magazine Operations</b>		
Magazine publication and distribution costs	\$ 206,300	\$ 210,013
Less: Magazine Advertising Income	(33,025)	(29,893)
Less: Non-member Subscription Income	<u>(596)</u>	<u>(466)</u>
Net Magazine Operations Expense	<u>\$ 172,679</u>	<u>\$ 179,654</u>
<b>Library Operations</b>		
Payroll and employee benefits	\$ 160,329	\$ 146,539
Other expenses	9,921	10,983
Less: Copying Fees	(1,850)	(1,409)
Less: User Fees	<u>(1,190)</u>	<u>(725)</u>
Net Library Operations Expense	<u>\$ 167,210</u>	<u>\$ 155,388</u>

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**National Society of the Sons of the American  
 Revolution and Related Foundation  
 Schedules of Foundation Fundraising Expense  
 Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Payroll and employee benefits	\$ 42,153	\$ 40,115
Advertising and promotion	5,195	17,140
Printing and postage	29,550	54,107
Information technology	843	1,032
Legal fees	5,012	5,077
Licenses and fees	7,739	5,211
Member solicitation promotionals	17,935	10,777
General office and other expenses	3,429	9,878
Travel	401	1,716
Depreciation	394	342
	<u>\$ 112,651</u>	<u>\$ 145,395</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, 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>

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**National Society of the Sons of the American  
Revolution and Related Foundation  
Budget to Actual Schedule - NSSAR General Operating Fund  
Year Ended December 31, 2014**

	(Unaudited) Budget	Actual	Favorable (Unfavorable) Variances
<b>Revenues and Other Support</b>			
Per-capita dues and reinstatements	\$ 896,000	\$ 907,331	\$ 11,331
Admission fees	225,000	232,947	7,947
Supplemental fees	52,000	72,915	20,915
Net merchandise operations	100,000	126,681	26,681
Contributions and bequests	-	52,228	52,228
Meeting income, net	-	37,922	37,922
Other income	22,000	16,202	(5,798)
Net income from investments	-	282	282
Operation Ancestor Search	60,000	59,960	(40)
Distributions from the Foundation	90,000	90,000	-
<b>Total Revenues and Other Support</b>	<b>1,445,000</b>	<b>1,596,468</b>	<b>151,468</b>
<b>Expenses</b>			
Payroll and employee benefits	614,000	611,900	(2,100)
Insurance	45,000	43,164	(1,836)
General office and other expenses	60,000	99,502	39,502
Public relations/marketing	2,000	5,807	3,807
Computer expenses	114,000	27,821	(86,179)
Professional fees	28,000	28,670	670
Occupancy and maintenance	105,000	104,010	(990)
President General discretionary fund	35,000	49,462	14,462
Other officer travel	5,000	1,659	(3,341)
Other expenses	15,000	9,322	(5,678)
Magazine	177,000	179,654	2,654
Library	154,000	155,388	1,388
Education	96,000	136,711	40,711
Operation Ancestor Search	60,000	62,386	2,386
Awards	6,000	7,963	1,963
<b>Total Expenses</b>	<b>1,516,000</b>	<b>1,523,419</b>	<b>7,419</b>
<b>Transfers</b>			
Interfund transfers from the life membership fund	30,000	38,055	8,055
Interfund transfers to the property and equipment fund	(15,000)	(125,831)	(110,831)
Transfers to the SAR Foundation, Inc.	-	(203,834)	(203,834)
<b>Total Transfers</b>	<b>15,000</b>	<b>(291,610)</b>	<b>(306,610)</b>
<b>Change in Net Assets</b>	<b>\$ (56,000)</b>	<b>\$ (218,561)</b>	<b>\$ (162,561)</b>

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