

*G*EOORGIA HISTORICAL SOCIETY



**FINANCIAL REPORT**

**JUNE 30, 2021**

**GEORGIA HISTORICAL SOCIETY**

**FINANCIAL REPORT**

**JUNE 30, 2021**

**GEORGIA HISTORICAL SOCIETY**

**FINANCIAL REPORT  
JUNE 30, 2021**

---

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1 and 2
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position .....	3
Statements of activities.....	4
Statements of functional expenses .....	5 and 6
Statements of cash flows.....	7
Notes to financial statements.....	8-21

---

## INDEPENDENT AUDITOR'S REPORT

---

**Board of Curators**  
**Georgia Historical Society, Inc.**  
**Savannah, Georgia**

We have audited the accompanying financial statements of **Georgia Historical Society, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

---

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Historical Society, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 1, 2022

**GEORGIA HISTORICAL SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

ASSETS	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,805,597	\$ 2,980,913
Unconditional promises to give, net	2,752,120	2,828,204
Accounts receivable	206,285	121,000
Prepaid expenses	79,665	69,036
Inventory	13,025	15,370
Total current assets	5,856,692	6,014,523
<b>OTHER ASSETS</b>		
Investments - endowment & endowment trust fund	16,020,699	11,874,267
Unconditional promises to give, net	655,723	873,389
Total other assets	16,676,422	12,747,656
PERMANENT COLLECTIONS, See Note 1	-	-
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	4,095,977	4,011,959
CONSTRUCTION IN PROGRESS	3,982,030	3,283,306
TOTAL ASSETS	\$ 30,611,121	\$ 26,057,444
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 287,308	\$ 125,794
Construction payable	137,163	149,993
Line of credit	-	500,000
Accrued expenses	87,996	57,662
Deferred revenues	1,081,552	911,539
Total current liabilities	1,594,019	1,744,988
<b>LONG-TERM LIABILITIES</b>		
Note payable	-	241,175
Total long-term liabilities	-	241,175
Total liabilities	1,594,019	1,986,163
<b>NET ASSETS</b>		
Without donor restrictions:		
Endowment Trust fund	12,657,959	9,278,530
Undesignated	10,074,758	8,878,396
Total without donor restrictions	22,732,717	18,156,926
With donor restrictions:		
Purpose restrictions and time-restricted for future periods	3,017,872	2,680,342
Perpetual in nature	3,266,513	3,234,013
Total with donor restrictions	6,284,385	5,914,355
Total net assets	29,017,102	24,071,281
TOTAL LIABILITIES AND NET ASSETS	\$ 30,611,121	\$ 26,057,444

**See Notes to Financial Statements.**

**GEORGIA HISTORICAL SOCIETY**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			
	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions and time-restricted for future periods	Perpetual in nature	
<b>OPERATING ACTIVITIES</b>				
Revenues and other support:				
Contributions and grants	\$ 2,996,539	\$ 324,750	\$ 32,500	\$ 3,353,789
Membership dues	297,681	-	-	297,681
Merchandise sales and usage fees	44,816	-	-	44,816
Record storage income	8,556	-	-	8,556
Registration	-	-	-	-
Loss on disposal of fixed assets	(23,163)	-	-	(23,163)
Total revenues	<u>3,324,429</u>	<u>324,750</u>	<u>32,500</u>	<u>3,681,679</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>809,114</u>	<u>(809,114)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>4,133,543</u>	<u>(484,364)</u>	<u>32,500</u>	<u>3,681,679</u>
Expenses				
Program services:				
Membership	185,153	-	-	185,153
Publication	231,671	-	-	231,671
Education and Outreach	1,348,162	-	-	1,348,162
Research Center	551,402	-	-	551,402
Total program services	<u>2,316,388</u>	<u>-</u>	<u>-</u>	<u>2,316,388</u>
Supporting services:				
Management and general	327,689	-	-	327,689
Development	50,617	-	-	50,617
Total supporting services	<u>378,306</u>	<u>-</u>	<u>-</u>	<u>378,306</u>
Total expenses	<u>2,694,694</u>	<u>-</u>	<u>-</u>	<u>2,694,694</u>
Total operating activities	<u>1,438,849</u>	<u>(484,364)</u>	<u>32,500</u>	<u>986,985</u>
<b>NON-OPERATING ACTIVITIES</b>				
Investment income	22,720	-	-	22,720
Investment income (loss) from the endowment, net	3,142,470	821,894	-	3,964,364
Total non-operating activities	<u>3,165,190</u>	<u>821,894</u>	<u>-</u>	<u>3,987,084</u>
Change in net assets before changes related to collection items not capitalized	4,604,039	337,530	32,500	4,974,069
Change in net assets related to collection items:				
Purchase of collection items	<u>(28,248)</u>	<u>-</u>	<u>-</u>	<u>(28,248)</u>
CHANGE IN NET ASSETS	4,575,791	337,530	32,500	4,945,821
NET ASSETS, beginning of year	<u>18,156,926</u>	<u>2,680,342</u>	<u>3,234,013</u>	<u>24,071,281</u>
NET ASSETS, end of year	<u>\$ 22,732,717</u>	<u>\$ 3,017,872</u>	<u>\$ 3,266,513</u>	<u>\$ 29,017,102</u>

**See Notes to Financial Statements.**

2020			
With donor restrictions			
Without donor restrictions	Purpose restrictions and time-restricted for future periods	Perpetual in nature	Total
\$ 2,163,285	\$ 1,518,036	\$ 16,100	\$ 3,697,421
287,188	-	-	287,188
35,407	-	-	35,407
12,906	-	-	12,906
78,225	-	-	78,225
-	-	-	-
<u>2,577,011</u>	<u>1,518,036</u>	<u>16,100</u>	<u>4,111,147</u>
<u>2,847,883</u>	<u>(2,847,883)</u>	<u>-</u>	<u>-</u>
<u>5,424,894</u>	<u>(1,329,847)</u>	<u>16,100</u>	<u>4,111,147</u>
206,109	-	-	206,109
213,413	-	-	213,413
1,338,022	-	-	1,338,022
614,629	-	-	614,629
<u>2,372,173</u>	<u>-</u>	<u>-</u>	<u>2,372,173</u>
285,188	-	-	285,188
100,079	-	-	100,079
385,267	-	-	385,267
<u>2,757,440</u>	<u>-</u>	<u>-</u>	<u>2,757,440</u>
<u>2,667,454</u>	<u>(1,329,847)</u>	<u>16,100</u>	<u>1,353,707</u>
36,662	-	-	36,662
(128,682)	(34,096)	-	(162,778)
(92,020)	(34,096)	-	(126,116)
<u>2,575,434</u>	<u>(1,363,943)</u>	<u>16,100</u>	<u>1,227,591</u>
<u>(10,392)</u>	<u>-</u>	<u>-</u>	<u>(10,392)</u>
2,565,042	(1,363,943)	16,100	1,217,199
<u>15,591,884</u>	<u>4,044,285</u>	<u>3,217,913</u>	<u>22,854,082</u>
<u>\$ 18,156,926</u>	<u>\$ 2,680,342</u>	<u>\$ 3,234,013</u>	<u>\$ 24,071,281</u>



**GEORGIA HISTORICAL SOCIETY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services			Total
	Membership	Publication	Education and Outreach	Research Center	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 103,985	\$ 112,240	\$ 696,301	\$ 220,215	\$ 1,132,741	\$ 198,687	\$ 27,247	\$ 225,934	\$ 1,358,675
Employee benefits	31,622	34,135	164,107	57,195	287,059	31,647	12,711	44,358	331,417
Total salaries and related expenses	<u>135,607</u>	<u>146,375</u>	<u>860,408</u>	<u>277,410</u>	<u>1,419,800</u>	<u>230,334</u>	<u>39,958</u>	<u>270,292</u>	<u>1,690,092</u>
Accounting fees	-	-	-	-	-	18,000	-	18,000	18,000
Auto expense	973	1,051	6,519	2,062	10,605	1,861	255	2,116	12,721
Bank charges	340	367	2,277	720	3,704	649	89	738	4,442
Consultants	3,836	14,417	60,703	93,462	172,418	10,710	1,155	11,865	184,283
Dues and subscriptions	623	401	7,349	1,541	9,914	711	97	808	10,722
Food and lodging	3,341	-	4,888	563	8,792	-	-	-	8,792
Legal fees	251	271	5,158	5,685	11,365	481	66	547	11,912
Office equipment	5,440	5,178	33,098	31,748	75,464	6,260	858	7,118	82,582
Office insurance	2,365	2,553	15,837	5,009	25,764	4,518	620	5,138	30,902
Office building/ground	7,761	8,378	56,657	23,165	95,961	14,831	2,034	16,865	112,826
Office space rental	1,036	1,118	6,936	2,194	11,284	1,979	271	2,250	13,534
Office supplies	468	234	4,442	1,696	6,840	414	341	755	7,595
Outreach	-	-	8,195	-	8,195	-	-	-	8,195
Postage and delivery	2,524	3,399	4,736	331	10,990	332	10	342	11,332
Printing, design and casting	4,677	31,547	85,154	2,631	124,009	5,867	921	6,788	130,797
Recruitment	-	-	1,419	299	1,718	500	-	500	2,218
Rental, space and catering	500	-	76,660	1,978	79,138	767	-	767	79,905
Telephone	702	900	5,932	1,486	9,020	1,342	184	1,526	10,546
Travel	1	-	5,384	1,573	6,958	361	-	361	7,319
Unemployment	365	-	365	-	730	365	-	365	1,095
Total expenses before depreciation and renovation expense	<u>170,810</u>	<u>216,189</u>	<u>1,252,117</u>	<u>453,553</u>	<u>2,092,669</u>	<u>300,282</u>	<u>46,859</u>	<u>347,141</u>	<u>2,439,810</u>
Depreciation	14,343	15,482	96,045	30,375	156,245	27,407	3,758	31,165	187,410
Renovation expense	-	-	-	67,474	67,474	-	-	-	67,474
Total expenses	<u>\$ 185,153</u>	<u>\$ 231,671</u>	<u>\$ 1,348,162</u>	<u>\$ 551,402</u>	<u>\$ 2,316,388</u>	<u>\$ 327,689</u>	<u>\$ 50,617</u>	<u>\$ 378,306</u>	<u>\$ 2,694,694</u>

See Notes to Financial Statements.

**GEORGIA HISTORICAL SOCIETY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services			Total
	Membership	Publication	Education and Outreach	Research Center	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 104,952	\$ 103,363	\$ 587,452	\$ 200,267	\$ 996,034	\$ 175,458	\$ 59,035	\$ 234,493	\$ 1,230,527
Employee benefits	32,790	29,672	138,682	47,063	248,207	23,974	16,322	40,296	288,503
Total salaries and related expenses	<u>137,742</u>	<u>133,035</u>	<u>726,134</u>	<u>247,330</u>	<u>1,244,241</u>	<u>199,432</u>	<u>75,357</u>	<u>274,789</u>	<u>1,519,030</u>
Accounting fees	-	-	-	-	-	18,000	-	18,000	18,000
Auto expense	1,243	1,225	6,960	2,373	11,801	2,079	699	2,778	14,579
Bank charges	337	332	4,198	643	5,510	563	189	752	6,262
Consultants	12,732	15,314	122,762	76,211	227,019	8,342	2,807	11,149	238,168
Dues and subscriptions	504	632	17,349	1,961	20,446	843	283	1,126	21,572
Food and lodging	6,355	-	16,165	1,261	23,781	69	837	906	24,687
Legal fees	-	-	-	3,311	3,311	2,565	-	2,565	5,876
Office equipment	4,809	3,147	24,538	18,371	50,865	5,343	1,798	7,141	58,006
Office insurance	2,743	2,701	15,352	5,234	26,030	4,585	1,543	6,128	32,158
Office building/ground	8,479	8,350	50,818	18,447	86,094	14,175	4,769	18,944	105,038
Office space rental	1,180	1,162	6,603	2,251	11,196	1,971	664	2,635	13,831
Office supplies	1,941	779	7,133	3,586	13,439	782	263	1,045	14,484
Outreach	-	-	13,323	-	13,323	250	-	250	13,573
Postage and delivery	1,423	3,608	6,936	106	12,073	82	-	82	12,155
Printing, design and casting	10,978	28,696	92,981	2,240	134,895	483	2,627	3,110	138,005
Rental, space and catering	56	-	132,180	1,744	133,980	947	-	947	134,927
Telephone	709	663	5,315	1,285	7,972	1,124	379	1,503	9,475
Travel	898	-	11,023	1,308	13,229	182	-	182	13,411
Total expenses before depreciation and renovation expense	<u>192,129</u>	<u>199,644</u>	<u>1,259,770</u>	<u>387,662</u>	<u>2,039,205</u>	<u>261,817</u>	<u>92,215</u>	<u>354,032</u>	<u>2,393,237</u>
Depreciation	13,980	13,769	78,252	26,677	132,678	23,371	7,864	31,235	163,913
Renovation expense	-	-	-	200,290	200,290	-	-	-	200,290
Total expenses	<u>\$ 206,109</u>	<u>\$ 213,413</u>	<u>\$ 1,338,022</u>	<u>\$ 614,629</u>	<u>\$ 2,372,173</u>	<u>\$ 285,188</u>	<u>\$ 100,079</u>	<u>\$ 385,267</u>	<u>\$ 2,757,440</u>

See Notes to Financial Statements.

**GEORGIA HISTORICAL SOCIETY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<b>\$ 4,945,821</b>	<b>\$ 1,217,199</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of PPP loan	<b>(241,175)</b>	-
Depreciation	<b>187,410</b>	163,913
Loss on disposal of fixed assets	<b>23,163</b>	-
Unrealized and realized (gains) losses on investments	<b>(3,854,297)</b>	333,880
Contributions designated for collection items	<b>28,248</b>	10,392
Contributions restricted for long-term investments	<b>(32,500)</b>	(16,100)
Changes in assets and liabilities:		
Decrease in unconditional promises to give	<b>293,750</b>	193,334
(Increase) in accounts receivable	<b>(85,285)</b>	(8,740)
(Increase) in prepaid expenses	<b>(10,629)</b>	(8,046)
Decrease in inventory	<b>2,345</b>	12
Increase in accounts payable	<b>148,684</b>	102,009
Increase (decrease) in accrued expenses	<b>30,334</b>	(53,430)
Increase (decrease) in deferred revenues	<b>170,013</b>	(102,776)
Net cash provided by operating activities	<b><u>1,605,882</u></b>	<b><u>1,831,647</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of collection items	<b>(28,248)</b>	(10,392)
Purchase of land, building and equipment	<b>(294,591)</b>	(75,902)
Purchase of construction in progress	<b>(698,724)</b>	(2,763,314)
Purchase of investments	<b>(951,567)</b>	(493,701)
Proceeds from sale of investments	<b>659,432</b>	499,787
Net cash (used in) investing activities	<b><u>(1,313,698)</u></b>	<b><u>(2,843,522)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for investment in endowment	<b>32,500</b>	16,100
Proceeds from line of credit	<b>(500,000)</b>	500,000
Proceeds from PPP loan	-	241,175
Net cash (used in) provided by financing activities	<b><u>(467,500)</u></b>	<b><u>757,275</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(175,316)</b>	(254,600)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>2,980,913</u></b>	<b><u>3,235,513</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 2,805,597</u></b>	<b><u>\$ 2,980,913</u></b>
<b>SUPPLEMENTAL DATA FOR NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Purchase of construction in progress from construction payable	<b><u>\$ 137,163</u></b>	<b><u>\$ 149,993</u></b>

**See Notes to Financial Statements.**

# GEORGIA HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

The Georgia Historical Society, Inc. (GHS) is a not-for-profit corporation organized under the laws of the State of Georgia that is the premier independent statewide institution responsible for collecting, examining, and teaching Georgia history. GHS houses the oldest and most distinguished collection of materials related exclusively to Georgia history in the nation.

Founded in 1839, GHS is the oldest continuously operated historical society in the South. As an educational and research institution, GHS teaches Georgia history through a variety of educational programs, scholarly publications, and research services.

#### Significant Accounting Policies

##### Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of GHS.

GHS presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, GHS is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of GHS. The principal sources of funds generated for net assets without donor restrictions are contributions and program revenues. Board designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes.

Net assets with donor restrictions consists of net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### Use of Estimates

GHS prepares its financial statements in accordance with generally accepted accounting principles which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Fair Value of Financial Instruments

As defined in the FASB issued guidance, 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. In determining fair value, GHS uses various methods including market, income and cost approaches. Based on these approaches, GHS often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs.

GHS utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, GHS is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1* – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

*Level 2* – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

*Level 3* – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although GHS 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.

For the fiscal years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Contributions, Promises to Give, and Donated Services

All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases net asset class. When a restriction expires, or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as support without donor restrictions. 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.

Unconditional promises to give are recorded when received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the contributions are to be received. When considered necessary, an allowance is recorded based on management estimate of uncollectibility including such factors as prior collection history, type of contribution, and the nature of the fund-raising activity.

Contributed and discounted services are recorded by GHS when these services create or enhance financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

##### Membership Dues, Merchandise Sales, Registration Fees, and Other

Membership dues from GHS's members are recognized on the accrual basis. Membership dues are good for one year from the date of purchase.

GHS recognizes membership dues, merchandise sales and usage fees, record storage income, and registration fees in accordance with ASC Topic 606. Merchandise sales and usage fees, record storage income, and registration fee revenues are recognized at the time the transaction is executed, as that is the point in time GHS fulfills the members and/or customer's request. Membership dues revenue are earned over the course of the membership period, representing the period over which GHS satisfies the performance obligation.

##### Inventory

Inventories are stated at the lower of cost or market and determined by the first-in, first-out method. Inventories consist of reproductions of maps and prints, educational books, other items for sale, and office supplies used in general and administrative operations.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Investments – Endowment & Endowment Trust Fund

Investments in debt and equity securities that have readily determinable market values are accounted for and reported at fair value. Investments received by gift are initially recorded at fair market value at the date of acquisition, and adjusted for changes in fair value. GHS classifies its debt and equity securities as trading securities. Trading securities are bought and held principally for the purpose of generating operating income. Proceeds from the sale of trading securities appropriated for expenditure by the Board are reported as operating activities in the statement of cash flows.

Dividend, interest, and other investment income are reported in the period earned as increases in without donor restrictions net assets, unless the use of the assets is limited by donor-imposed restrictions, in which case they are reported as increases in with donor restrictions net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in without donor restrictions net assets unless their use is with donor restriction by explicit donor stipulation or law.

##### Permanent Collections

GHS's collections are primarily related to the library and archives collection. In conformity with industry practice, museum artifacts and records and documents purchased or donated are not recorded as assets in the accompanying statement of financial position. Even though not reflected in the financial statements, GHS's collections represent one of its most valuable assets. GHS receives numerous donations of research materials and artifacts annually to add to its collection. Purchases of collection items are reported as decreases in net assets without donor restrictions or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors.

Any proceeds from sales of artifacts or collection items or insurance recoveries are reflected as increases in the appropriate class of net assets.

Permanent collection items are numbered and catalogued in a continuous inventory and are maintained for its inherent historical, cultural, and educational value.

##### Land, Buildings and Equipment

Expenditures for the acquisition of land, buildings, and equipment are capitalized at cost when the cost exceeds \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Planned major maintenance activities which significantly extend the useful life of the asset are capitalized.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies (Continued)

##### Deferred Revenue and Accounts Receivable

GHS defers grant advance payments until the agreed upon services are performed. Also, GHS defers conditional contributions that have been pledged or paid in advance until the agreed upon conditions have been performed. In addition, GHS defers membership dues pledged or received during 2021 and 2020 for the following fiscal years. The majority of accounts receivable is made up of future membership dues that have been pledged by current members.

##### Income Tax Status

GHS is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended. Accordingly, no provision for income taxes has been made in these financial statements.

Management has considered the tax positions taken in its tax returns and believes that all of the positions taken by GHS in its federal exempt organization tax returns are more likely-than-not to be sustained upon examination.

GHS files Form 990 in the U.S. federal jurisdiction and the state of Georgia.

##### Functional Allocation of Expenses

GHS reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, employee benefits, auto expense, bank charges, consultants, dues and subscriptions, food and lodging, legal fees, office equipment, office insurance, office building/ground, office space rental, office supplies, postage and delivery, printing, design, and casting, rental, space and catering, recruitment, telephone, travel, unemployment, and depreciation are allocated on the basis of estimates of time and effort.

### NOTE 2. LIQUIDITY AND AVAILABILITY

GHS manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of GHS are expected to be met on a monthly basis from the program service revenues generated and contributions. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date of June 30, 2021 and 2020, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 2,805,597	\$ 2,840,105
Unconditional promises to give, net	2,027,120	43,393
Accounts receivable	206,285	121,000
Endowment spending rate distributions and appropriations	560,965	492,810
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 5,599,967	\$ 3,497,308



## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. LIQUIDITY AND AVAILABILITY (Continued)

Endowment funds consist of donor-restricted endowments and funds designated by the board as the endowment trust fund (quasi-endowments). Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As of June 30, 2021 and 2020, the endowment trust fund of \$12,657,959 and \$9,278,530, respectively, is subject to an annual spending rate generally not to exceed 5% percent as described in Note 10. Although GHS does not intend to spend from this endowment trust fund (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

### NOTE 3. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2021 and 2020, unconditional promises to give consisted of the following:

	2021	2020
Without donor restrictions	\$ 621,166	\$ 1,408,750
With donor restrictions (purpose and time)	2,921,644	2,427,810
Unconditional promises to give before discount and allowance for uncollectible pledges	3,542,810	3,836,560
Less unamortized discount	64,610	64,610
Subtotal	3,478,200	3,771,950
Less allowance for uncollectible pledges	70,357	70,357
	\$ 3,407,843	\$ 3,701,593
	2021	2020
Amount due in:		
Less than one year	\$ 2,822,477	\$ 2,898,561
One to five years	707,833	912,999
Thereafter	12,500	25,000
Total	\$ 3,542,810	\$ 3,836,560

Discount rate used was 2.00 percent as a risk-free interest rate (approximately reflects the 90 day U.S. treasury bill-rate) at June 30, 2021 and 2020.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. INVESTMENTS - ENDOWMENT

The following table sets forth by level, within the fair value hierarchy, GHS's investments-endowment at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 335,810	\$ -	\$ -	\$ 335,810
Equity securities	13,809,207	-	-	13,809,207
Fixed income securities	1,875,682	-	-	1,875,682
Total investments at fair value	\$ 16,020,699	\$ -	\$ -	\$ 16,020,699

The following table sets forth by level, within the fair value hierarchy, GHS's investments-endowment at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 184,714	\$ -	\$ -	\$ 184,714
Equity securities	10,221,957	-	-	10,221,957
Fixed income securities	1,467,596	-	-	1,467,596
Total investments at fair value	\$ 11,874,267	\$ -	\$ -	\$ 11,874,267

For the years ending June 30, 2021 and 2020, investment fees related to investment-endowment and endowment trust fund fees totaled \$137,241 and \$96,454, respectively.

### NOTE 5. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at June 30, 2021 and 2020, consists of the following:

	Life	2021	2020
Land	-	\$ 855,000	\$ 855,000
Construction in progress	-	3,982,030	3,283,306
Buildings and building improvements	5-50	5,689,626	5,689,626
Furniture, fixtures, and equipment	3-10	975,198	705,552
Research Center acquisitions	3-10	25,524	25,524
		11,527,378	10,559,008
Less accumulated depreciation		(3,449,371)	(3,263,743)
		\$ 8,078,007	\$ 7,295,265

Depreciation expense totaled \$187,410 and \$163,913 for the years ending June 30, 2021 and 2020, respectively.

### NOTE 6. LINE OF CREDIT

In December 2019, GHS entered into a secured line of credit of \$2,000,000 with a financial institution to obtain bridge financing for the Research Center renovation project until the capital campaign unconditional promises to give are received. The line of credit bears interest at the 30 day LIBOR plus 1.80% (1.89 and 1.99 at June 30, 2021 and 2020, respectively), and matures in December 2021.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LINE OF CREDIT (Continued)

As of June 30, 2021, there was an outstanding balance of \$500,000, and a remaining available balance of \$1,500,000 on the line of credit. As of June 30, 2020, there was no outstanding balance, and a remaining available balance of \$2,000,000 on the line of credit. The line of credit is secured by real property. At maturity, GHS did not renew the line of credit.

### NOTE 7. NOTE PAYABLE

On April 28, 2020, GHS qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender for an aggregate principal amount of \$241,175 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years (matures on April 28, 2022), and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon GHS's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred.

In 2021, GHS has applied for forgiveness of the PPP Loan with respect to these covered expenses and received approval of forgiveness from the SBA. For the year ending June 30, 2021, GHS has recognized forgiveness of PPP Loan revenues of \$241,175 in the accompanying statements of activities.

### NOTE 8. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose or time-restricted for future periods:		
Education & Outreach	\$ 10,263	\$ 2,603
Endowed Position ("Director of Programs")	82,345	(701)
Next Century Initiative – capital campaign	-	952,807
Research Center	437,655	145,037
Vincent J. Dooley Distinguished Fellow program	290,965	(35,215)
Restricted by time – multi-year promises to give	2,196,644	1,615,811
Total subject to expenditure for specified purpose or time-restricted for future periods:	3,017,872	2,680,342
Perpetual in nature:		
Education & Outreach	25,000	25,000
Endowed Position ("Director of Programs")	1,000,000	1,000,000
Research Center	1,000,000	1,000,000
Vincent J. Dooley Distinguished Fellow program	1,216,513	1,209,013
Marker program	25,000	-
Total perpetual in nature:	3,266,513	3,243,013
Total net assets with donor restrictions:	\$ 6,284,385	\$ 5,914,355

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. RESTRICTIONS ON NET ASSETS (Continued)

	2021	2020
Subject to expenditure for specified purpose:		
Cash and cash equivalents	\$ -	\$ 140,808
Unconditional promises to give, net	2,196,644	2,427,810
Investments - endowment	821,228	111,724
Total subject to expenditure for specified purpose:	3,017,872	2,680,342
Perpetual in nature:		
Unconditional promises to give, net	725,000	750,000
Investments - endowment	2,541,513	2,484,013
Total perpetual in nature:	3,266,513	3,234,013
Total net assets with donor restrictions:	\$ 6,284,385	\$ 5,914,355

### NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2021 and 2020 by incurring expenses satisfying the restricted purpose specified by donees as follows:

#### Purpose restrictions accomplished:

	2021	2020
Education & Outreach	\$ 1,305	\$ 1,197
Endowed Position (“Director of Programs”)	14,150	12,980
Next Century Initiative – capital campaign	409,724	2,707,378
Research Center	41,342	37,924
Vincent J. Dooley Distinguished Fellows program	55,593	50,904
Restricted by time – multi-year promises to give	287,000	37,500
	\$ 809,114	\$ 2,847,883

### NOTE 10. ENDOWMENT

#### Interpretation of Relevant Law

In approving endowment, spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Curators of GHS, as authorized by the UPMIFA, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of GHS and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor directions to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, GHS classifies net assets with donor restrictions perpetual in nature at the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 10. ENDOWMENT (Continued)

The portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions perpetual in nature is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.

#### **Funds with Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020, funds with original gift values of \$1,509,013, fair values of \$1,473,096, and deficiencies of \$35,917 were reported in net assets with donor restrictions. At June 30, 2021, the Foundation did not have any deficiencies in the endowment.

#### **Return Objectives and Risk Parameters**

GHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Endowment Trust, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, GHS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GHS targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

#### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

GHS's Endowment Trust determines the method to be used to appropriate endowment funds for expenditure. GHS has a spending policy whereby 5% of its endowment fund's prior 3 year rolling fair value average may be distributed for purposes of supporting without and with donor restriction activities.

GHS's Endowment Trust reviews spending policies annually and approve distributions they deem to be prudent.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. ENDOWMENT (Continued)

The Endowment Net Asset Composition by Type of Fund for the year ended June 30, 2021 are:

<b>Endowment Net Asset Composition by Type of Fund as of June 30, 2021</b>				
<b>Endowment</b>				
<i>(With Donor Restrictions)</i>				
	<b>Endowment Trust Fund (Without Donor Restrictions)</b>	<b>Accumulated investment gains</b>	<b>Original donor- restricted gift amount and amounts required to be maintained in perpetuity by donor</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 821,228	\$ 2,541,513	\$ 3,362,741
Endowment trust fund	<u>12,657,959</u>	<u>-</u>	<u>-</u>	<u>12,657,959</u>
	<u><b>\$ 12,657,959</b></u>	<u><b>\$ 821,228</b></u>	<u><b>\$ 2,541,513</b></u>	<u><b>\$ 16,020,700</b></u>

The Changes in Endowment Net Asset for the year ended June 30, 2021 are:

<b>Changes in Endowment Net Asset for the Fiscal Year Ended June 30, 2021</b>				
<b>Endowment</b>				
<i>(With Donor Restrictions)</i>				
	<b>Endowment Trust Fund (Without Donor Restrictions)</b>	<b>Accumulated investment gains</b>	<b>Original donor- restricted gift amount and amounts required to be maintained in perpetuity by donor</b>	<b>Total</b>
Endowment net assets, beginning of year	<u>\$ 9,278,530</u>	<u>\$ 111,724</u>	<u>\$ 2,484,013</u>	<u>\$ 11,874,267</u>
Investment return:				
Investment income, net of investment fees	86,790	50,979	-	137,769
Net appreciation (realized and unrealized)	<u>3,027,980</u>	<u>770,916</u>	<u>-</u>	<u>3,798,896</u>
Total investment return	3,114,770	821,895	-	3,936,665
Contributions	784,000	-	57,500	841,500
Distributions	(70,767)	-	-	(70,767)
Appropriation of endowment assets for expenditure	<u>(448,574)</u>	<u>(112,391)</u>	<u>-</u>	<u>(560,965)</u>
Endowment net assets, end of year	<u><b>\$ 12,657,959</b></u>	<u><b>\$ 821,228</b></u>	<u><b>\$ 2,541,513</b></u>	<u><b>\$ 16,020,700</b></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. ENDOWMENT (Continued)

The Endowment Net Asset Composition by Type of Fund for the year ended June 30, 2020 are:

<b>Endowment Net Asset Composition by Type of Fund as of June 30, 2020</b>				
<b>Endowment</b>				
<i>(With Donor Restrictions)</i>				
<b>Endowment Trust Fund (Without Donor Restrictions)</b>	<b>Accumulated investment gains</b>	<b>Original donor- restricted gift amount and amounts required to be maintained in perpetuity by donor</b>	<b>Total</b>	
Donor-restricted endowment funds	\$ -	\$ 111,724	\$ 2,484,013	\$ 2,595,737
Endowment trust fund	9,278,530	-	-	9,278,530
	<u>\$ 9,278,530</u>	<u>\$ 111,724</u>	<u>\$ 2,484,013</u>	<u>\$ 11,874,267</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. ENDOWMENT (Continued)

The Changes in Endowment Net Asset for the year ended June 30, 2020 are:

	Changes in Endowment Net Asset for the Fiscal Year Ended June 30, 2020			
	Endowment Trust Fund (Without Donor Restrictions)	Endowment (With Donor Restrictions)		
		Accumulated investment gains	Original donor- restricted gift amount and amounts required to be maintained in perpetuity by donor	Total
Endowment net assets, beginning of year	\$ 9,497,495	\$ 248,825	\$ 2,467,913	\$ 12,214,233
Investment return:				
Investment income, net of investment fees	133,482	37,618	-	171,100
Net depreciation (realized and unrealized)	(262,165)	(71,714)	-	(333,879)
Total investment return	(128,683)	(34,096)	-	(162,779)
Contributions	306,500	-	16,100	322,600
Change in donor intent	(6,977)	-	-	(6,977)
Appropriation of endowment assets for expenditure	(389,805)	(103,005)	-	(492,810)
Endowment net assets, end of year	\$ 9,278,530	\$ 111,724	\$ 2,484,013	\$ 11,874,267

### NOTE 11. GRANTS AND CONTRACT REVENUES

GHS received grant and contract revenues for the years ended June 30, 2021 and 2020 as follows:

	2021	2020
GA Department of Economic Development	\$ 227,500	\$ 170,850
	\$ 227,500	\$ 170,850

### NOTE 12. RETIREMENT PLAN

GHS sponsors a defined contribution plan and employees are eligible to participate upon beginning employment with GHS. The plan qualifies as tax exempt under Section 403(b) of the Internal Revenue Code. In addition, GHS sponsors an Executive 457(b) retirement plan. Under this plan, a select group of management employees can defer compensation on a pre-tax basis. Retirement plan expense totaled \$72,307 and \$70,210 for the years ending June 30, 2021 and 2020, respectively.



## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 13. LEASES

In 2019, GHS leased office equipment, video surveillance equipment, a vehicle, and office space under non-cancelable operating leases with varying terms through October 2022. In 2020, GHS leased an office copier under non-cancelable operating leases with terms through August 2024. Rent expense under these leases was \$18,156 and \$26,713 for the years ended June 30, 2021 and 2020, respectively.

Minimum future rental payments under the non-cancelable operating leases having a remaining term in excess of one year as of June 30, 2021 are:

Year ending June 30,	
2022	\$ 19,847
2023	21,180
2024	21,493
2025	17,300
2026	17,320
Thereafter	8,869
Total minimum future rental payments	<u>\$ 106,009</u>

### NOTE 14. RELATED PARTY TRANSACTIONS

The Georgia Historical Society's Endowment Trust Fund was established in 1973 and is administered by GHS's Endowment Trust and is considered a related party due to some common board members. The fund was originated as a means of providing financial security for GHS. A portion of the investment income generated by this fund is transferred to the operating fund to assist in paying current expenditures.

### NOTE 15. SUBSEQUENT EVENTS

GHS has evaluated subsequent events occurring through June 1, 2022, the date on which the financial statements were available to be issued.