

NATIONAL SPACE SOCIETY

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Space Society
Reston, Virginia

We have audited the accompanying financial statements of National Space Society, which comprise the statements of financial position as of December 31, 2019 **and 2018**, 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.

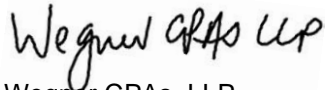
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Space Society as of December 31, 2019 **and 2018**, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, National Space Society adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP
Alexandria, Virginia
November 13, 2020

NATIONAL SPACE SOCIETY
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 65,863	\$ 136,190
Accounts receivable	58,586	35,244
Prepaid expenses	<u>38,525</u>	<u>2,266</u>
Total current assets	162,974	173,700
OTHER ASSETS		
Investments	<u>1,633,360</u>	<u>1,502,303</u>
Total assets	<u><u>\$ 1,796,334</u></u>	<u><u>\$ 1,676,003</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 103,993	\$ 31,243
Deferred revenue	58,572	64,616
Due to chapters	<u>12,845</u>	<u>7,000</u>
Total liabilities	175,410	102,859
NET ASSETS		
Without donor restrictions	<u>1,620,924</u>	<u>1,573,144</u>
Total liabilities and net assets	<u><u>\$ 1,796,334</u></u>	<u><u>\$ 1,676,003</u></u>

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions		
Membership dues	\$ 388,232	\$ 385,360
Contributions	203,537	216,073
Bequests	21,665	1,530,934
Projects	116,854	93,275
Program service revenue		
Conference revenue	192,545	227,315
Advertising and royalties	4,529	17,572
Investment return, net	256,058	(74,218)
Miscellaneous revenue	1,356	-
	<u>1,184,776</u>	<u>2,396,311</u>
EXPENSES		
Program services		
Education and Communication	731,165	600,738
Policy and Research	234,974	188,887
Supporting activities		
Management and General	118,562	123,133
Fundraising	52,295	46,952
	<u>1,136,996</u>	<u>959,710</u>
Change in net assets	47,780	1,436,601
Net assets at beginning of year	<u>1,573,144</u>	<u>136,543</u>
Net assets at end of year	<u>\$ 1,620,924</u>	<u>\$ 1,573,144</u>

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services		Supporting Activities		Total Expenses
	Education and Communication	Policy and Research	Management and General	Fundraising	
Professional fees	\$ 175,651	\$ 94,381	\$ 56,267	\$ 5,372	\$ 331,671
Office expenses	1,042	8	11,110	-	12,160
Conferences and meetings	238,546	69,499	3,339	-	311,384
Insurance	-	-	4,613	-	4,613
Occupancy	12,010	-	5,304	-	17,314
Advertising	3,407	-	-	-	3,407
Information technology	56,339	6,315	11,074	1,391	75,119
Travel	19,847	2,205	-	-	22,052
Interest	-	-	31	-	31
Miscellaneous	3,840	3,840	7,680	-	15,360
Bad debt expense	-	-	5,000	-	5,000
Grants and assistance	5,000	-	-	-	5,000
Postage and delivery	45,093	24,891	973	11,035	81,992
Printing and copying services	32,450	2,629	1,837	5,737	42,653
Projects	47,313	-	-	-	47,313
Mailing services	36,107	31,206	-	5,816	73,129
Licenses	7,349	-	-	7,349	14,698
Design and layout	47,006	-	-	5,223	52,229
Credit card and bank fees	165	-	11,334	10,372	21,871
Total expenses	\$ 731,165	\$ 234,974	\$ 118,562	\$ 52,295	\$ 1,136,996

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services		Supporting Activities		Total Expenses
	Education and Communication	Policy and Research	Management and General	Fundraising	
Professional fees	\$ 181,749	\$ 35,092	\$ 60,291	\$ 5,321	\$ 282,453
Office expenses	-	-	3,027	-	3,027
Conferences and meetings	204,437	36,713	10,477	-	251,627
Insurance	-	-	8,563	-	8,563
Occupancy	11,784	-	5,427	-	17,211
Advertising	2,558	-	-	-	2,558
Information technology	22,615	-	6,290	1,249	30,154
Travel	9,997	3,333	-	-	13,330
Interest	-	-	3	-	3
Miscellaneous	-	-	5,745	-	5,745
Bad debt expense	-	-	2,800	-	2,800
Postage and delivery	24,427	30,412	2,128	10,062	67,029
Printing and copying services	42,055	4,214	2,599	7,410	56,278
Projects	59,691	-	-	-	59,691
Mailing services	-	79,123	-	9,868	88,991
Licenses	2,227	-	-	8,146	10,373
Design and layout	39,198	-	-	-	39,198
Credit card and bank fees	-	-	15,783	4,896	20,679
Total expenses	\$ 600,738	\$ 188,887	\$ 123,133	\$ 46,952	\$ 959,710

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 47,780	\$ 1,436,601
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gain) loss on investments	(211,095)	91,610
(Increase) decrease in assets		
Accounts receivable	(23,342)	21,127
Prepaid expenses	(36,259)	3,926
Increase (decrease) in liabilities		
Accounts payable	72,750	38
Deferred revenue	(6,044)	(12,571)
Due to chapters	5,845	(4,500)
Net cash flows from operating activities	(150,365)	1,536,231
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	125,000	-
Purchases of and interest and dividends retained in investments	(44,962)	(1,432,735)
Net cash flows from investing activities	80,038	(1,432,735)
Change in cash	(70,327)	103,496
Cash at beginning of year	136,190	32,694
Cash at end of year	\$ 65,863	\$ 136,190
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 31	\$ 3

See accompanying notes.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

National Space Society (Society) is an educational, non-profit membership organization dedicated to the creation of a space faring civilization. The Society was formed under the laws of the District of Columbia on Jun 12, 1974. The Society's vision is of "people living and working in thriving communities beyond Earth, and the use of the vast resources of space for the dramatic betterment of humanity." To meet this vision, the Society has as its mission statement, "to promote social, economic, technological, and political change in order to expand civilization beyond Earth, to settle space and to use the resulting resources to build a hopeful and prosperous future for humanity.

Accounts Receivable

Accounts receivable primarily represent amounts due from customers for sponsorships at meetings and events provided by the Society. Accounts receivable are stated at the amount management expects to be collect from outstanding balances. At December 31, 2019 **and 2018**, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Investments

The Society carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Revenue Recognition

The Society's earned revenue consist of Ad Astra magazine subscriptions (included in membership dues), conference revenue, advertising, and royalties.

The Society recognizes the majority of revenue from membership dues at a point in time as they are considered to be contributions as defined by generally accepted accounting principles as there is no tangible exchange of goods or services occurring. A portion of membership dues includes a one-year subscription to the Society's quarterly magazine, Ad Astra. Revenue related to Ad Astra subscriptions is recognized on a quarterly basis when the magazine is issued. Amounts received in advance of the quarterly magazine are deferred until the next quarter's magazine is issued.

Revenues from conference revenue (for example, ticket sales and exhibit booth space), advertising, and royalties are generally considered to be single performance obligations that are satisfied at a point in time or over the period of the event.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed in the year incurred.

Adoption of New Accounting Guidance

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Society adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, the Society elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of the Society's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Society's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on the Society's financial statements. The majority of the Society's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Society's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Society adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Income Tax Status

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from certain activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include professional fees, conferences and meetings, occupancy, information technology, travel, postage and delivery, printing and copying services, mailing services, licenses, and credit card and bank fees which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through November 13, 2020, the date which the financial statements were available to be issued.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2—INVESTMENTS

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 3,303	\$ 538,942
Common stock	-	116,327
Stock mutual funds	1,167,040	605,149
Bond mutual funds	463,017	205,118
Exchange traded funds	-	21,728
Corporate fixed income bonds	-	15,039
	<u> </u>	<u> </u>
Investments	<u>\$ 1,633,360</u>	<u>\$ 1,502,303</u>

NOTE 3—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>2019</u>				
Stock mutual funds	\$ 1,167,040	\$ 1,167,040	\$ -	\$ -
Bond mutual funds	463,017	463,017	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,630,057</u>	<u>\$ 1,630,057</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2018</u>				
Common stock	\$ 116,327	\$ 116,327	\$ -	\$ -
Stock mutual funds	605,149	605,149	-	-
Bond mutual funds	205,118	205,118	-	-
Exchange traded funds	21,728	21,728	-	-
Corporate fixed income bonds	15,039	-	15,039	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 963,361</u>	<u>\$ 948,322</u>	<u>\$ 15,039</u>	<u>\$ -</u>

Fair values for stock mutual funds, bond mutual funds, common stock, and exchange traded funds are determined by quotes prices in active markets for identical assets. Fair values for corporate fixed income bonds are determined by reference to prices for similar assets.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4—CONCENTRATIONS

During the year ended December 31, 2018 **December 31, 2018**, the Society received approximately 65% of its support from one donor. The recognized contribution from that donor was part of a legacy gift.

NOTE 5—RELATED PARTY

The Society's board of directors contracted with Barnhard Associates, LLC during the years ended December 31, 2019 **and 2018** for information systems consulting services for the Society. The President of Barnhard Associates, LLC was a director of the Society during the years ended December 31, 2019 **and 2018**. Payments made to Barnhard Associates, LLC for information systems services for the years ended December 31, 2019 **and 2018** were \$10,534 and \$11,666, respectively.

NOTE 6—COMMITMENTS

Management Contract

The Society is operated by a management company under the terms of a one-year agreement that is automatically renewed. Under the provisions of this agreement, the Society is to pay an annual management fee in addition to certain reimbursed expenses. The management fee paid for the years ending December 31, 2019 **and 2018**, was \$105,133 and \$102,111, respectively.

Future minimum management fee payments for the year ending December 31, 2020 total \$134,916.

Hotel Contracts

The Society has entered into agreements to reserve space for future conferences. These agreements indicate that the Society would be liable for certain cancellation fees and liquidated damages in the event of cancellation. If cancellations occur, the Society could be liable for up to approximately \$133,000. Due to the COVID-19 pandemic, the 2020 ISDC Conference was moved to a virtual format, with no cancellation fees paid due to the force majeure clause in the contract between the Society and the hotel being exercised. Management does not expect any hotel agreement cancellations.

NOTE 7—SUBSEQUENT EVENT

The Society's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Society is uncertain; however, it may result in a material adverse impact on the Society's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the Society's members, donors, and revenues and ability of the Society to carry out its programs.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8—JOINT COSTS

The Society achieves some of its programmatic goals in direct mail campaigns that include requests for contributions. The costs of conducting those campaigns during the years ending December 31, 2019 **and 2018** included a total of \$35,974 and \$39,726, respectively, of joint costs that are not directly attributable to either the program components of the fundraising component of the activities. Those joint costs were allocated as follows:

	2019	2018
Joint programs	\$ 30,578	\$ 33,767
Fundraising	5,396	5,959
Joint costs	\$ 35,974	\$ 39,726

NOTE 9—LIQUIDITY AND AVAILABILITY

The following reflects the Society's financial assets as of the date of the statements of financial position available for general expenditures within one year of the date of the statements of financial position.

	2019	2018
Financial assets at end of year		
Cash	\$ 65,863	\$ 136,190
Accounts receivable	58,586	35,244
Investments	1,633,360	1,502,303
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,757,809	\$ 1,673,737

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.