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FINANCIAL REPORT

JUNE 30, 2022

GEORGIA HISTORICAL SOCIETY

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 13, 2023

GEORGIA HISTORICAL SOCIETY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,343,114	\$ 2,805,597
Unconditional promises to give, net	1,928,050	2,752,120
Accounts receivable	152,970	206,285
Prepaid expenses	59,912	79,665
Inventory	16,006	13,025
Total current assets	5,500,052	5,856,692
OTHER ASSETS		
Investments - endowment & endowment trust fund	15,799,102	16,020,699
Unconditional promises to give, net	191,136	655,723
Total other assets	15,990,238	16,676,422
PERMANENT COLLECTIONS, See Note 1	-	-
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	7,886,906	4,095,977
CONSTRUCTION IN PROGRESS	-	3,982,030
TOTAL ASSETS	\$ 29,377,196	\$ 30,611,121
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 106,908	\$ 287,308
Construction payable	-	137,163
Accrued expenses	100,319	87,996
Deferred revenues	987,732	1,081,552
Total current liabilities	1,194,959	1,594,019
NET ASSETS		
Without donor restrictions:		
Endowment Trust fund	12,127,755	12,657,959
Undesignated	10,580,133	10,074,758
Total without donor restrictions	22,707,888	22,732,717
With donor restrictions:		
Purpose restrictions and time-restricted for future periods	2,201,568	3,017,872
Perpetual in nature	3,272,781	3,266,513
Total with donor restrictions	5,474,349	6,284,385
Total net assets	28,182,237	29,017,102
TOTAL LIABILITIES AND NET ASSETS	\$ 29,377,196	\$ 30,611,121

See Notes to Financial Statements.

GEORGIA HISTORICAL SOCIETY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			
	Without donor restrictions	With donor restrictions		Total
		Purpose restrictions and time-restricted for future periods	Perpetual in nature	
OPERATING ACTIVITIES				
Revenues and other support:				
Contributions and grants	\$ 3,410,248	\$ 60,000	\$ 6,268	\$ 3,476,516
Membership dues	328,045	-	-	328,045
Merchandise sales and usage fees	54,587	-	-	54,587
Record storage income	8,556	-	-	8,556
Registration	14,155	-	-	14,155
Loss on disposal of fixed assets	(96,054)	-	-	(96,054)
Total revenues	<u>3,719,537</u>	<u>60,000</u>	<u>6,268</u>	<u>3,785,805</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>589,330</u>	<u>(589,330)</u>	-	-
Total revenues and other support	<u>4,308,867</u>	<u>(529,330)</u>	<u>6,268</u>	<u>3,785,805</u>
Expenses				
Program services:				
Membership	248,257	-	-	248,257
Publication	243,594	-	-	243,594
Education and Outreach	1,671,074	-	-	1,671,074
Research Center	807,120	-	-	807,120
Total program services	<u>2,970,045</u>	<u>-</u>	<u>-</u>	<u>2,970,045</u>
Supporting services:				
Management and general	403,708	-	-	403,708
Development	86,888	-	-	86,888
Total supporting services	<u>490,596</u>	<u>-</u>	<u>-</u>	<u>490,596</u>
Total expenses	<u>3,460,641</u>	<u>-</u>	<u>-</u>	<u>3,460,641</u>
Total operating activities	<u>848,226</u>	<u>(529,330)</u>	<u>6,268</u>	<u>325,164</u>
NON-OPERATING ACTIVITIES				
Investment income	759	-	-	759
Investment (loss) income from the endowment, net	(845,154)	(286,974)	-	(1,132,128)
Total non-operating activities	<u>(844,395)</u>	<u>(286,974)</u>	<u>-</u>	<u>(1,131,369)</u>
Change in net assets before changes related to collection items not capitalized	3,831	(816,304)	6,268	(806,205)
Change in net assets related to collection items:				
Purchase of collection items	<u>(28,660)</u>	<u>-</u>	<u>-</u>	<u>(28,660)</u>
CHANGE IN NET ASSETS	(24,829)	(816,304)	6,268	(834,865)
NET ASSETS, beginning of year	<u>22,732,717</u>	<u>3,017,872</u>	<u>3,266,513</u>	<u>29,017,102</u>
NET ASSETS, end of year	<u>\$ 22,707,888</u>	<u>\$ 2,201,568</u>	<u>\$ 3,272,781</u>	<u>\$ 28,182,237</u>

See Notes to Financial Statements.

2021			
With donor restrictions			
Without donor restrictions	Purpose restrictions and time-restricted for future periods	Perpetual in nature	Total
\$ 2,996,539	\$ 324,750	\$ 32,500	\$ 3,353,789
297,681	-	-	297,681
44,816	-	-	44,816
8,556	-	-	8,556
-	-	-	-
(23,163)	-	-	(23,163)
<u>3,324,429</u>	<u>324,750</u>	<u>32,500</u>	<u>3,681,679</u>
809,114	(809,114)	-	-
<u>4,133,543</u>	<u>(484,364)</u>	<u>32,500</u>	<u>3,681,679</u>
185,153	-	-	185,153
231,671	-	-	231,671
1,348,162	-	-	1,348,162
551,402	-	-	551,402
<u>2,316,388</u>	<u>-</u>	<u>-</u>	<u>2,316,388</u>
327,689	-	-	327,689
50,617	-	-	50,617
<u>378,306</u>	<u>-</u>	<u>-</u>	<u>378,306</u>
2,694,694	-	-	2,694,694
<u>1,438,849</u>	<u>(484,364)</u>	<u>32,500</u>	<u>986,985</u>
22,720	-	-	22,720
3,142,470	821,894	-	3,964,364
<u>3,165,190</u>	<u>821,894</u>	<u>-</u>	<u>3,987,084</u>
4,604,039	337,530	32,500	4,974,069
(28,248)	-	-	(28,248)
4,575,791	337,530	32,500	4,945,821
<u>18,156,926</u>	<u>2,680,342</u>	<u>3,234,013</u>	<u>24,071,281</u>
<u>\$ 22,732,717</u>	<u>\$ 3,017,872</u>	<u>\$ 3,266,513</u>	<u>\$ 29,017,102</u>

GEORGIA HISTORICAL SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services			Total
	Membership	Publication	Education and Outreach	Research Center	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 132,444	\$ 121,904	\$ 784,562	\$ 303,087	\$ 1,341,997	\$ 242,028	\$ 56,323	\$ 298,351	\$ 1,640,348
Employee benefits	26,959	24,470	179,208	69,201	299,838	32,175	11,524	43,699	343,537
Total salaries and related expenses	<u>159,403</u>	<u>146,374</u>	<u>963,770</u>	<u>372,288</u>	<u>1,641,835</u>	<u>274,203</u>	<u>67,847</u>	<u>342,050</u>	<u>1,983,885</u>
Accounting fees	-	-	-	-	-	27,038	-	27,038	27,038
Auto expense	1,188	1,094	7,038	2,853	12,173	2,171	371	2,542	14,715
Bank charges	715	658	4,325	1,719	7,417	1,308	223	1,531	8,948
Consultants	6,873	14,445	146,721	238,142	406,181	10,936	4,475	15,411	421,592
Dues and subscriptions	1,011	371	15,453	1,683	18,518	667	239	906	19,424
Food and lodging	12,679	97	27,393	-	40,169	192	183	375	40,544
Legal fees	984	906	6,346	3,453	11,689	1,798	307	2,105	13,794
Office equipment	4,666	3,317	22,098	27,252	57,333	5,014	2,353	7,367	64,700
Office insurance	4,846	2,811	18,089	13,425	39,171	5,580	953	6,533	45,704
Office building/ground	12,140	11,174	76,968	34,515	134,797	22,187	3,788	25,975	160,772
Office space rental	1,216	1,119	7,202	2,920	12,457	2,222	379	2,601	15,058
Office supplies	3,589	643	7,665	14,570	26,467	1,277	233	1,510	27,977
Outreach	-	-	4,440	-	4,440	-	-	-	4,440
Postage and delivery	5,199	4,167	6,729	1,744	17,839	942	-	942	18,781
Printing, design and casting	10,061	39,090	95,937	13,652	158,740	10,003	-	10,003	168,743
Recruitment	-	-	10,148	1,894	12,042	3,716	-	3,716	15,758
Rental, space and catering	4,025	-	130,134	1,837	135,996	785	-	785	136,781
Telephone	1,209	2,091	7,616	2,863	13,779	2,179	372	2,551	16,330
Travel	1,898	-	14,937	2,409	19,244	673	-	673	19,917
Unemployment	-	-	-	-	-	565	-	565	565
Total expenses before depreciation and renovation expense	<u>231,702</u>	<u>228,357</u>	<u>1,573,009</u>	<u>737,219</u>	<u>2,770,287</u>	<u>373,456</u>	<u>81,723</u>	<u>455,179</u>	<u>3,225,466</u>
Depreciation	16,555	15,237	98,065	39,759	169,616	30,252	5,165	35,417	205,033
Renovation expense	-	-	-	30,142	30,142	-	-	-	30,142
Total expenses	<u>\$ 248,257</u>	<u>\$ 243,594</u>	<u>\$ 1,671,074</u>	<u>\$ 807,120</u>	<u>\$ 2,970,045</u>	<u>\$ 403,708</u>	<u>\$ 86,888</u>	<u>\$ 490,596</u>	<u>\$ 3,460,641</u>

See Notes to Financial Statements.

GEORGIA HISTORICAL SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR 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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (834,865)	\$ 4,945,821
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of PPP loan	-	(241,175)
Depreciation	205,033	187,410
Loss on disposal of fixed assets	96,054	23,163
Unrealized and realized losses (gains) on investments	1,231,035	(3,854,297)
Contributions designated for collection items	28,660	28,248
Contributions restricted for long-term investments	(6,268)	(32,500)
Changes in assets and liabilities:		
Decrease in unconditional promises to give	1,288,657	293,750
Decrease (increase) in accounts receivable	53,315	(85,285)
Decrease (increase) in prepaid expenses	19,753	(10,629)
(Increase) decrease in inventory	(2,981)	2,345
(Decrease) increase in accounts payable	(317,563)	148,684
Increase in accrued expenses	12,323	30,334
(Decrease) increase in deferred revenues	(93,820)	170,013
Net cash provided by operating activities	<u>1,679,333</u>	<u>1,605,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of collection items	(28,660)	(28,248)
Purchase of land, building and equipment	(65,352)	(294,591)
Purchase of construction in progress	(44,634)	(698,724)
Purchase of investments	(1,649,036)	(951,567)
Proceeds from sale of investments	639,598	659,432
Net cash (used in) investing activities	<u>(1,148,084)</u>	<u>(1,313,698)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	6,268	32,500
Payments on line of credit	-	(500,000)
Net cash provided by (used in) financing activities	<u>6,268</u>	<u>(467,500)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	537,517	(175,316)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,805,597</u>	<u>2,980,913</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,343,114</u>	<u>\$ 2,805,597</u>
SUPPLEMENTAL DATA FOR NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of construction in progress from construction payable	<u>\$ -</u>	<u>\$ 137,163</u>

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, 2022 and 2021, 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 that 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, artifacts and records and documents purchased or donated are not recorded as assets in the accompanying statements 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 2022 and 2021 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, telephone, 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, 2022 and 2021, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 3,343,114	\$ 2,805,597
Unconditional promises to give, net	156,796	2,027,120
Accounts receivable	152,970	206,285
Endowment spending rate distributions and appropriations	621,785	560,965
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 4,274,665	\$ 5,599,967

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, 2022 and 2021, the endowment trust fund of \$12,127,755 and \$12,657,959, respectively, is subject to an annual spending rate generally not to exceed 5% percent as described in Note 9. 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, 2022 and 2021, unconditional promises to give consisted of the following:

	2022	2021
Without donor restrictions	\$ 394,110	\$ 621,166
With donor restrictions (purpose and time)	1,803,000	2,921,644
Unconditional promises to give before discount and allowance for uncollectible pledges	2,197,110	3,542,810
Less unamortized discount	12,864	64,610
Subtotal	2,184,246	3,478,200
Less allowance for uncollectible pledges	65,060	70,357
	\$ 2,119,186	\$ 3,407,843
	2022	2021
Amount due in:		
Less than one year	\$ 1,993,110	\$ 2,822,477
One to five years	204,000	707,833
Thereafter	-	12,500
Total	\$ 2,197,110	\$ 3,542,810

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, 2022 and 2021.

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, 2022:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,347,997	\$ -	\$ -	\$ 1,347,997
Equity securities	12,459,367	-	-	12,459,367
Fixed income securities	1,991,738	-	-	1,991,738
Total investments at fair value	\$ 15,799,102	\$ -	\$ -	\$ 15,799,102

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

For the years ending June 30, 2022 and 2021, investment fees related to investment-endowment and endowment trust fund fees totaled \$160,694 and \$137,241, respectively.

NOTE 5. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at June 30, 2022 and 2021, consists of the following:

	Life	2022	2021
Land	-	\$ 855,000	\$ 855,000
Construction in progress	-	-	3,982,030
Buildings and building improvements	5-50	9,242,366	5,689,626
Furniture, fixtures, and equipment	3-10	925,287	975,198
Research Center acquisitions	3-10	25,524	25,524
		11,048,177	11,527,378
Less accumulated depreciation		(3,161,271)	(3,449,371)
		\$ 7,886,906	\$ 8,078,007

Depreciation expense totaled \$205,033 and \$187,410 for the years ending June 30, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. NOTE PAYABLE

In April 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 bore interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, had a term of two years (matured in April 2022), and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan was 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 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 and is included in contribution and grant revenue.

NOTE 7. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose or time-restricted for future periods:		
Education & Outreach	\$ 6,722	\$ 10,263
Endowed Position ("Director of Programs")	(49,255)	82,345
Research Center	304,588	437,655
Vincent J. Dooley Distinguished Fellow program	139,075	290,965
Restricted by time – multi-year promises to give	1,803,000	2,196,644
Marker program	(2,562)	-
Total subject to expenditure for specified purpose or time-restricted for future periods:	2,201,568	3,017,872
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	1,222,763	1,216,513
Marker program	25,018	25,000
Total perpetual in nature:	3,272,781	3,266,513
Total net assets with donor restrictions:	\$ 5,474,349	\$ 6,284,385

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RESTRICTIONS ON NET ASSETS (Continued)

	2022	2021
Subject to expenditure for specified purpose:		
Unconditional promises to give, net	\$ 1,803,000	\$ 2,196,644
Investments - endowment	398,568	821,228
Total subject to expenditure for specified purpose:	2,201,568	3,017,872
Perpetual in nature:		
Unconditional promises to give, net	-	725,000
Investments - endowment	3,272,781	2,541,513
Total perpetual in nature:	3,272,781	3,266,513
Total net assets with donor restrictions:	\$ 5,474,349	\$ 6,284,385

NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2022 and 2021 by incurring expenses satisfying the restricted purpose specified by donees as follows:

Purpose restrictions accomplished:

	2022	2021
Education & Outreach	\$ 1,351	\$ 1,305
Endowed Position (“Director of Programs”)	33,709	14,150
Next Century Initiative – capital campaign	-	409,724
Research Center	42,795	41,342
Vincent J. Dooley Distinguished Fellows program	57,831	55,593
Restricted by time – multi-year promises to give	453,644	287,000
	\$ 589,330	\$ 809,114

NOTE 9. 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 9. 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, 2021, the Foundation did not have any deficiencies in the endowment. At June 30, 2022, funds with original gift values of \$1,025,018, fair values of \$973,201, and deficiencies of \$51,817 were reported in net assets with donor restrictions.

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 9. ENDOWMENT (Continued)

The Endowment Net Asset Composition by Type of Fund for the year ended June 30, 2022 are:

Endowment Net Asset Composition by Type of Fund as of June 30, 2022				
Endowment (With Donor Restrictions)				
	Endowment Trust Fund (Without Donor Restrictions)	Accumulated investment gains	Original donor- restricted gift amount and amounts required to be maintained in perpetuity by donor	Total
Donor-restricted endowment funds	\$ -	\$ 398,568	\$ 3,272,781	\$ 3,671,349
Endowment trust fund	<u>12,127,755</u>	<u>-</u>	<u>-</u>	<u>12,127,755</u>
	<u>\$ 12,127,755</u>	<u>\$ 398,568</u>	<u>\$ 3,272,781</u>	<u>\$ 15,799,104</u>

The Changes in Endowment Net Asset for the year ended June 30, 2022 are:

Changes in Endowment Net Asset for the Fiscal Year Ended June 30, 2022				
Endowment (With Donor Restrictions)				
	Endowment Trust Fund (Without 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	<u>\$ 12,657,959</u>	<u>\$ 821,227</u>	<u>\$ 2,541,513</u>	<u>\$ 16,020,699</u>
Investment return:				
Investment income, net of investment fees	78,301	23,558	-	101,859
Net depreciation (realized and unrealized)	<u>(920,502)</u>	<u>(310,531)</u>	<u>-</u>	<u>(1,231,033)</u>
Total investment (loss)	(842,201)	(286,973)	-	(1,129,174)
Contributions	815,911	-	731,268	1,547,179
Distributions	(17,815)	-	-	(17,815)
Appropriation of endowment assets for expenditure	<u>(486,099)</u>	<u>(135,686)</u>	<u>-</u>	<u>(621,785)</u>
Endowment net assets, end of year	<u>\$ 12,127,755</u>	<u>\$ 398,568</u>	<u>\$ 3,272,781</u>	<u>\$ 15,799,104</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. ENDOWMENT (Continued)

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

Endowment Net Asset Composition by Type of Fund as of June 30, 2021				
Endowment (With Donor Restrictions)				
	Endowment Trust Fund (Without Donor Restrictions)	Accumulated investment gains	Original donor- restricted gift amount and amounts required to be maintained in perpetuity by donor	Total
Donor-restricted endowment funds	\$ -	\$ 821,227	\$ 2,541,513	\$ 3,362,740
Endowment trust fund	12,657,959	-	-	12,657,959
	<u>\$ 12,657,959</u>	<u>\$ 821,227</u>	<u>\$ 2,541,513</u>	<u>\$ 16,020,699</u>

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

Changes in Endowment Net Asset for the Fiscal Year Ended June 30, 2021				
Endowment (With Donor Restrictions)				
	Endowment Trust Fund (Without 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	\$ 9,278,530	\$ 111,724	\$ 2,484,013	\$ 11,874,267
Investment return:				
Investment income, net of investment fees	86,790	50,978	-	137,768
Net appreciation (realized and unrealized)	3,027,980	770,916	-	3,798,896
Total investment return	3,114,770	821,894	-	3,936,664
Contributions	784,000	-	57,500	841,500
Distributions	(70,767)	-	-	(70,767)
Appropriation of endowment assets for expenditure	(448,574)	(112,391)	-	(560,965)
Endowment net assets, end of year	<u>\$ 12,657,959</u>	<u>\$ 821,227</u>	<u>\$ 2,541,513</u>	<u>\$ 16,020,699</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. GRANTS AND CONTRACT REVENUES

GHS received grant and contract revenues for the years ended June 30, 2022 and 2021 as follows:

	2022	2021
GA Department of Economic Development	<u>\$ 260,000</u>	<u>\$ 227,500</u>
	<u><u>\$ 260,000</u></u>	<u><u>\$ 227,500</u></u>

NOTE 11. 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 GHS employees can defer compensation on a pre-tax basis. Retirement plan expense totaled \$76,047 and \$72,307 for the years ending June 30, 2022 and 2021, respectively.

NOTE 12. LEASES

In 2019, GHS leased office equipment, a vehicle, and office space under non-cancelable operating leases with varying terms through December 2027. In 2020, GHS leased an office copier under non-cancelable operating leases with terms through August 2026. Rent expense under these leases was \$30,008 and \$18,156 for the years ended June 30, 2022 and 2021, respectively.

Minimum future rental payments under the non-cancelable operating leases having a remaining term in excess of one year as of June 30, 2022 are:

Year ending June 30,	
2023	\$ 26,260
2024	21,493
2025	17,300
2026	17,320
2027	16,663
Thereafter	7,951
Total minimum future rental payments	<u>\$ 106,987</u>

NOTE 13. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. SUBSEQUENT EVENTS

GHS has evaluated subsequent events occurring through January 13, 2023, the date on which the financial statements were available to be issued.