

NATIONAL SPACE SOCIETY

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Space Society
Reston, Virginia

Opinion

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

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, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 National Space Society 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 National Space Society'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 GAAS 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 GAAS, 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 National Space Society'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 National Space Society'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.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
October 13, 2022

NATIONAL SPACE SOCIETY
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 139,640	\$ 126,637
Accounts receivable	79,040	48,582
Unconditional promise to give	-	25,000
Prepaid expenses	<u>21,819</u>	<u>11,069</u>
Total current assets	240,499	211,288
OTHER ASSETS		
Investments	<u>2,911,905</u>	<u>1,662,299</u>
Total assets	<u><u>\$ 3,152,404</u></u>	<u><u>\$ 1,873,587</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 19,700	\$ 79,692
Deferred revenue	39,669	63,976
Due to chapters	<u>12,845</u>	<u>12,845</u>
Total liabilities	72,214	156,513
NET ASSETS		
Without donor restrictions	3,080,190	1,692,074
With donor restrictions		
2021 Projects	<u>-</u>	<u>25,000</u>
Total net assets	<u>3,080,190</u>	<u>1,717,074</u>
Total liabilities and net assets	<u><u>\$ 3,152,404</u></u>	<u><u>\$ 1,873,587</u></u>

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions		
Membership dues	\$ 441,705	\$ 268,731
Contributions	1,187,666	137,219
Bequests	54,200	4,400
Projects	131,177	152,796
Program service revenue		
Conference revenue	38,734	8,507
List rental, advertising, and royalties	43,285	21,108
Investment return, net	324,819	228,940
Miscellaneous revenue	4,657	-
Total support and revenue	2,226,243	821,701
EXPENSES		
Program services		
Education and Communication	520,137	460,957
Policy and Research	235,363	183,652
Supporting activities		
Management and General	72,897	67,809
Fundraising	34,730	38,133
Total expenses	863,127	750,551
Satisfaction of purpose restrictions	25,000	-
Changes in net assets without donor restrictions	1,388,116	71,150
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	25,000
Net assets released from restrictions	(25,000)	-
Changes in net assets with donor restrictions	(25,000)	25,000
Change in net assets	1,363,116	96,150
Net assets at beginning of year	1,717,074	1,620,924
Net assets at end of year	\$ 3,080,190	\$ 1,717,074

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services		Supporting Activities		Total Expenses
	Education and Communication	Policy and Research	Management and General	Fundraising	
Professional fees	\$ 202,173	\$ 124,356	\$ 31,598	\$ 7,265	\$ 365,392
Office expenses	2,345	782	1,150	-	4,277
Conferences and meetings	108,954	36,147	57	-	145,158
Insurance	-	-	3,667	-	3,667
Occupancy	9,261	-	4,528	-	13,789
Advertising	5,711	-	-	-	5,711
Information technology	43,751	15,199	11,456	3,972	74,378
Travel	11,028	1,226	-	-	12,254
Miscellaneous	16,000	-	1,317	-	17,317
Bad debt expense	-	-	5,000	-	5,000
Grants and assistance	13,143	-	-	-	13,143
Postage and delivery	40,105	20,027	4,743	6,662	71,537
Printing and copying services	34,083	30,366	35	2,392	66,876
Projects	5,567	5,568	-	-	11,135
Mailing services	6,829	1,692	14	884	9,419
Licenses	6,495	-	-	6,496	12,991
Design and layout	14,692	-	-	1,633	16,325
Credit card and bank fees	-	-	9,332	5,426	14,758
Total expenses	\$ 520,137	\$ 235,363	\$ 72,897	\$ 34,730	\$ 863,127

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services		Supporting Activities		Total Expenses
	Education and Communication	Policy and Research	Management and General	Fundraising	
Professional fees	\$ 195,008	\$ 126,193	\$ 32,150	\$ 6,474	\$ 359,825
Office expenses	1,068	356	1,062	-	2,486
Conferences and meetings	54,258	18,073	4	-	72,335
Insurance	-	-	5,738	-	5,738
Occupancy	9,803	-	4,311	-	14,114
Advertising	4,790	-	-	-	4,790
Information technology	41,650	8,491	1,282	2,091	53,514
Travel	1,841	205	-	-	2,046
Miscellaneous	4,812	2,673	3,208	-	10,693
Bad debt expense	-	-	10,000	-	10,000
Grants and assistance	5,000	-	-	-	5,000
Postage and delivery	27,744	11,166	1,456	4,742	45,108
Printing and copying services	47,846	4,019	868	7,840	60,573
Projects	15,007	-	-	-	15,007
Mailing services	32,585	12,476	128	2,573	47,762
Licenses	7,103	-	-	7,102	14,205
Design and layout	12,442	-	-	1,382	13,824
Credit card and bank fees	-	-	7,602	5,929	13,531
Total expenses	\$ 460,957	\$ 183,652	\$ 67,809	\$ 38,133	\$ 750,551

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,363,116	\$ 96,150
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	5,000	10,000
Net realized and unrealized gain on investments	(305,860)	(195,045)
(Increase) decrease in assets		
Accounts receivable	(35,458)	4
Unconditional promise to give	25,000	(25,000)
Prepaid expenses	(10,750)	27,456
Increase (decrease) in liabilities		
Accounts payable	(59,992)	(24,301)
Deferred revenue	(24,307)	5,404
Net cash flows from operating activities	956,749	(105,332)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,075,213	200,000
Purchases of and interest and dividends retained in investments	(2,018,959)	(33,894)
Net cash flow from investing activities	(943,746)	166,106
Change in cash	13,003	60,774
Cash at beginning of year	126,637	65,863
Cash at end of year	<u>\$ 139,640</u>	<u>\$ 126,637</u>

See accompanying notes.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 June 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. The Society is supported primarily by contributions.

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 collected from outstanding balances. At December 31, 2021 and 2020, 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 equity 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, list rental, 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) list rental, advertising, and royalties is recognized at a point in time or over the period of the event.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed in the year incurred.

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, information technology, postage and delivery, printing and copying services, and mailing services 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 October 13, 2022, the date which the financial statements were available to be issued.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2—INVESTMENTS

Investments consist of the following:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 92,026	\$ 124,568
Stock mutual funds	1,774,861	1,333,993
Bond mutual funds	<u>1,045,018</u>	<u>203,738</u>
Investments	<u>\$ 2,911,905</u>	<u>\$ 1,662,299</u>

Fair values of stock mutual funds and bond mutual funds are valued at the closing price reported on the active market on which the stock mutual funds and bond mutual funds are traded and are considered Level 1 fair value measurements.

NOTE 3—RELATED PARTY

The Society's board of directors contracted with Barnhard Associates, LLC during the years ended December 31, 2021 and 2020 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, 2021 and 2020. Payments made to Barnhard Associates, LLC for information systems services for the years ended December 31, 2021 and 2020 were \$6,500 and \$5,000, respectively.

NOTE 4—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 ended December 31, 2021 and 2020, was \$140,656 and \$126,995, respectively.

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 \$270,000.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5—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, 2021 and 2020 included a total of \$15,681 and \$22,551, respectively, of joint costs that are not directly attributable to either the program components or the fundraising component of the activities. Those joint costs were allocated as follows:

	2021	2020
Joint programs	\$ 13,329	\$ 18,041
Fundraising	2,352	4,510
Joint costs	\$ 15,681	\$ 22,551

NOTE 6—LIQUIDITY AND AVAILABILITY

The following reflects the Society's financial assets as of the date of the statements of financial position reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of internal board designations.

	2021	2020
Financial assets at end of year		
Cash	\$ 139,640	\$ 126,637
Accounts receivable	79,040	48,582
Unconditional promise to give	-	25,000
Investments	2,911,905	1,662,299
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,130,585	\$ 1,862,518

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.

NOTE 7—DONOR CONCENTRATION

For the year ended December 31, 2021, approximately 50% of the Society's support and revenue came from one donor.

NOTE 8—SUBSEQUENT EVENT

Subsequent to December 31, 2021, volatility experienced in the financial markets has resulted in a significant decline in the fair value of certain investments. As of October 13, 2022, the fair value of the investment portfolio declined by approximately 24% from December 31, 2021.