FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT DECEMBER 31, 2019 AND 2018



# TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	3-4
Financial Statements:	
Statements of Financial Position.	5
Statement of Activities – 2019	6
Statement of Activities – 2018.	7
Statement of Functional Expenses – 2019.	8
Statement of Functional Expenses – 2018.	9
Statements of Cash Flows.	10
Notes to the Financial Statements	11-18
Supplementary Information:	
Statement of Activities by Division – For the Year Ended December 31, 2019	20
Statement of Activities by Division – For the Year Ended December 31, 2018	21



810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: ktllp@ktllp.com

#### **INDEPENDENT AUDITOR'S REPORT**

Board of Directors Mount Rushmore National Memorial Society Rapid City, South Dakota

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY (the Society), which comprise the statement 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 audits 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 Society'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 Society'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 **MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY** as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors Mount Rushmore National Memorial Society

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2019 and 2018 supplementary divisional information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

KETEL THORSTENSON, LLP Certified Public Accountants

March 26, 2020

# STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	2019	2018
Cash and Cash Equivalents (Note 2)	\$ 1,116,842	\$ 1,062,020
Investments (Note 2)	14,699,155	12,648,211
Promises to Give (Note 4)	89,426	67,389
Inventory	324,742	378,752
Prepaid Expenses	73,038	41,411
Other	26,296	16,403
Total Current Assets	16,329,499	14,214,186
Property and Equipment, Net (Note 3)	1,953,583	2,012,979
TOTAL ASSETS	\$ 18,283,082	\$ 16,227,165
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 104,898	\$ 143,800
Promises to Give to Others (Note 6)	119,727	-
Total Current Liabilities	224,625	143,800
Commitments (Notes 7, 8, and 9)		
Net Assets		
With Donor Restriction - Purpose - Monumental Movie	282,307	106,424
With Donor Restriction - Purpose - Fireworks	15,000	, -
<b>Total Net Assets with Donor Restrictions</b>	297,307	106,424
Without Donor Restrictions	17,761,150	15,976,941
Total Net Assets	18,058,457	16,083,365
TOTAL LIABILITIES AND NET ASSETS	\$ 18,283,082	\$ 16,227,165

# STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	W	Net Assets ithout Donor Restrictions	W	let Assets ith Donor estrictions	Total
Support and Revenue					_
Net Educational and Product Sales (Note 5)	\$	953,120	\$	-	\$ 953,120
Net Investment Return		2,665,786		-	2,665,786
Net Events Revenue		15,997		-	15,997
Event Center Rental		28,000		-	28,000
Contributions		51,828		190,883	242,711
Membership Sales		12,109		_	12,109
Loss on Disposal of Assets		(10,397)		_	(10,397)
Miscellaneous		960		-	960
<b>Total Support and Revenue</b>		3,717,403		190,883	3,908,286
Expenses  Program Expenses: Direct Program Support for Memorial Indirect Program Support for Memorial Retail Program Support  Support Expenses: General and Administrative Fundraising		200,000 396,681 827,961 1,424,642 381,358 127,194 508,552		- - - -	200,000 396,681 827,961 1,424,642 381,358 127,194 508,552
Total Expenses		1,933,194			1,933,194
Change in Net Assets		1,784,209		190,883	1,975,092
Net Assets Beginning of Year		15,976,941		106,424	16,083,365
Net Assets End of Year	\$	17,761,150	\$	297,307	\$ 18,058,457

# STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

	wi	Net Assets thout Donor Restrictions	Net Assets with Donor Restrictions		Total
Support and Revenue					
Net Educational and Product Sales (Note 5)	\$	1,062,133	\$ -	\$	1,062,133
Net Investment Return		(830,140)	-		(830,140)
Net Events Revenue		12,435	-		12,435
Event Center Rental		650	-		650
Contributions		57,050	106,42	4	163,474
Membership Sales		70,915	-		70,915
Loss on Disposal of Assets		(15,559)	-		(15,559)
Total Support and Revenue		357,484	106,42	4	463,908
Expenses  Program Expenses: Direct Program Support for Memorial		234,030	-		234,030
Indirect Program Support for Memorial		302,972	-		302,972
Retail Program Support		739,755	-		739,755
Support Expenses:		1,276,757	-		1,276,757
General and Administrative		375,021	-		375,021
Fundraising		160,754	-		160,754
		535,775	-		535,775
Total Expenses		1,812,532	-		1,812,532
Change in Net Assets		(1,455,048)	106,42	4	(1,348,624)
Net Assets Beginning of Year		17,431,989	_		17,431,989
Net Assets End of Year	\$	15,976,941	\$ 106,42	4 \$	16,083,365

# STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program			<b>Supporting Services</b>					Total	
	<u>N</u>	<u> Iemorial</u>		Retail		anagement d General	]	Fund Raising		2019
Expenses										
Payroll and Related Benefits (Note 7)	\$	170,428	\$	490,177	\$	174,721	\$	84,925	\$	920,251
Cost of Sales (Note 5)		-		744,275		-		-		744,275
Aid to the Park		223,740		-		-		-		223,740
Professional Fees		41,750		8,037		143,850		23,453		217,090
Office and Retail Processing Supplies		26,245		75,331		7,156		3,884		112,616
Rent Minimum Annual Guarantee (Note 8)		-		102,632		-		-		102,632
Depreciation and Amortization		45,362		36,604		13,367		2,955		98,288
Fees and Charges		-		37,312		3,716		-		41,028
Occupancy		11,623		14,226		9,032		617		35,498
Repairs and Maintenance		9,640		22,245		2,841		627		35,353
Licenses and Taxes		13,502		6,374		5,380		879		26,135
Business Meals and Mileage		14,115		3,122		3,241		5,189		25,667
Conferences and Meetings		19,835		-		4,959		-		24,794
Telephone		5,271		11,160		6,276		330		23,037
Travel		9,177		-		4,717		2,371		16,265
Advertising		8,058		6,052		-		-		14,110
Insurance		601		11,310		177		39		12,127
Dues and Subscriptions		5,275		-		1,759		1,759		8,793
Other		332		3,379		166		166		4,043
Total Expenses		604,954		1,572,236		381,358		127,194	2	2,685,742
Less expenses included with revenues on										
the Statement of Activities:										
Cost of Sales (Note 5)		-		(744,275)		-		=		(744,275)
Event Expenses		(8,273)		-		-		=		(8,273)
<b>Total expenses included in expense section</b>		· · · · · ·								
on the Statement of Activities	\$	596,681	\$	827,961	\$	381,358	\$	127,194	\$	1,933,194

# STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018

	Pro	gram	Supporting	<u>Total</u>	
	Memorial	Retail	Management and General	Fund Raising	2018
Expenses					
Payroll and Related Benefits (Note 7)	\$ 139,140	\$ 425,919	\$ 280,435	\$ 69,570	\$ 915,064
Cost of Sales (Note 5)	-	923,544	-	-	923,544
Aid to the Park	234,030	-	-	-	234,030
Professional Fees	49,954	54,319	22,278	49,954	176,505
Office and Retail Processing Supplies	7,579	78,289	20,795	3,789	110,452
Rent Minimum Annual Guarantee (Note 8)	-	63,067	-	-	63,067
Depreciation and Amortization	11,340	27,368	14,793	5,670	59,171
Occupancy	10,841	29,994	5,420	5,420	51,675
Repairs and Maintenance	4,010	12,913	2,404	2,005	21,332
Licenses and Taxes	6,985	3,283	4,313	3,493	18,074
Business Meals and Mileage	1,429	390	724	1,429	3,972
Conferences and Meetings	13,818	4,072	-	4,606	22,496
Telephone	3,663	7,685	5,125	1,832	18,305
Travel	9,068	-	-	3,023	12,091
Advertising	14,486	17,665	1,891	4,893	38,935
Insurance	2,523	5,359	11,847	2,523	22,252
Dues and Subscriptions	4,438	3,722	2,876	2,219	13,255
Other	5,775	5,710	2,120	328	13,933
Event Facilities	38,927	-	-	-	38,927
Total Expenses	558,006	1,663,299	375,021	160,754	2,757,080
Less expenses included with revenues on					
the Statement of Activities					
Cost of Sales (Note 5)	-	(923,544)	-	-	(923,544)
Event Expenses	(21,004)				(21,004)
<b>Total expenses included in expense section</b>					
on the Statement of Activities	\$ 537,002	\$ 739,755	\$ 375,021	\$ 160,754	\$ 1,812,532

# STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,975,092 \$	(1,348,624)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows Used in Operating Activities:		
Depreciation	92,179	53,061
Amortization	6,109	6,109
Loss on Disposal of Assets	10,397	15,559
Net Realized and Unrealized (Gain) Loss on Investments	(2,344,184)	1,156,284
Working Capital Changes Increasing (Decreasing) Cash:		
Promises to Give	(22,037)	(67,389)
Inventory	54,010	(41,139)
Prepaid Expenses	(31,627)	(24,680)
Other	(9,893)	8,044
Accounts Payable and Accrued Expenses	(38,902)	69,781
Promise to Give to Others	119,727	(100,000)
Net Cash Flows Used in Operating Activities	(189,129)	(272,994)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(49,289)	(1,145,664)
Purchase of Investments	(434,236)	(902,471)
Proceeds from Sale of Investments	727,476	986,870
Net Cash Flows Provided by (Used in) Investing Activities	243,951	(1,061,265)
Change in Cash and Cash Equivalents	54,822	(1,334,259)
Cash and Cash Equivalents Beginning of Year	1,062,020	2,396,279
Cash and Cash Equivalents End of Year	\$ 1,116,842 \$	1,062,020

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

## (1) Nature of Operations and Summary of Significant Accounting Policies

#### **Operations**

Mount Rushmore National Memorial Society (the Society), is a non-profit organization incorporated in the District of Columbia, for the purpose of supporting America's national and state parks, monuments, memorials, and other lands. The Society's main focus has been to cooperate with the National Park Service (NPS) in operating and maintaining the Mount Rushmore National Memorial (the Memorial) in the best interest of the public. The Society raises funds to finance improvements and programs at the Memorial. Furthermore, the Society promotes the historical, cultural, scientific, and educational activities of the Memorial and the NPS.

The Society, under the division of the Mount Rushmore Bookstores (the Bookstores), also sells historical and educational Memorial-related products at the Memorial, the Rapid City Regional Airport (the Airport) and the main office, the activities of which are included in the accompanying financial statements.

The Society also operates a 100 percent-owned subsidiary, known as Mount Rushmore Institute (the Institute) to provide forums, interpret and measure the value of democracy, and to advance the cause of freedom to the world. The Institute had no activity for the year ended December 31, 2019 or 2018.

#### **Summary of Significant Accounting Policies**

#### **Basis of Accounting and Financial Statement Presentation**

The Society reports net assets in the following categories:

Net Assets with Donor Restrictions – Net assets 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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. No such net assets exist at December 31, 2019 or 2018. 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, and are reported as reclassifications between the applicable classes of net assets. If the Organization receives assets with donor-imposed restrictions and the restriction expires within the same year, the activity is recorded all within Net Assets without Donor Restrictions as the restrictions have expired.

*Net Assets without Donor Restrictions* – Net assets not subject to donor-imposed restrictions and are available for general operations. Although they may in the future, the Board of Directors has not designated any net assets without donor restrictions for specific purposes.

#### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

#### (1) Nature of Operations and Summary of Significant Accounting Policies (Continued)

# **Summary of Significant Accounting Policies (Continued)**

#### **Cash and Cash Equivalents**

For purposes of the financial statements, the Society considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Society maintains cash balances at various individual financial institutions that often exceed the federally insured limit of \$250,000 set by the Federal Deposit Insurance Corporation. The Society has not experienced any losses in such accounts and feels the risk of exposure to loss is minimal.

#### **Investments**

The Society records its investments at fair market value with changes in fair market value accounted for in the Statements of Activities as net investment return. Net investment return consists of realized and unrealized gains and losses, interest and dividend income, and external and direct internal investment expenses. Realized gains and losses are determined on a specific identity basis. Net investment return is recorded as net assets without donor restrictions unless such amounts are restricted by the donor or by law.

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

#### Contributions and Promises to Give

Contributions and unconditional promises to give are recognized as assets and revenue in the period when the contribution is received, or notification is made of a promise to give at their fair value. Amounts are distinguished between those that increase net assets with and without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management estimates an allowance for uncollectible promises to give based on potential collection issues and previous history with donors. For the years ended December 2019 and 2018, no allowance has been estimated based on analysis of promises to give.

#### **Inventory**

Inventory consists primarily of educational and historical products held for resale. Inventory is stated at the lower of cost or net realizable value.

#### **Property and Equipment**

Property and equipment purchases in excess of \$500 are capitalized at cost. Donated property and equipment are recorded at fair market value at the date of the donation.

The Society operates and manages retail operations at the Memorial but does not own or lease the property utilized, which is part of the Memorial.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

#### (1) Nature of Operations and Summary of Significant Accounting Policies (Continued)

## **Summary of Significant Accounting Policies (Continued)**

#### **Property and Equipment (Continued)**

Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets:

Office Equipment	5-10 years
Motion Picture	10 years
Building	40 years
Vehicles	5 years
Leasehold Improvements	3-10 years

#### **Revenue Recognition**

The Society recognizes special event revenue at the time of admission for the event. The Society records special events revenue equal to the fair value of direct benefits to donors when the event takes place. Revenue received in excess of the fair value is recorded as contribution income. Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been met.

Merchandise sales and tour rentals, which are included in net educational and product sales on the Statements of Activities, and membership sales are recorded at the point of sale.

#### **Functional Allocation of Expenses**

The costs of providing Memorial and Society programs have been summarized on a functional basis in the Statement of Activities. Direct program support for Memorial expenses consist of payments made directly to the NPS and various independent contractors to perform work on and provide materials, expertise, talent, and program support for various Memorial related projects. NPS guidance allows for philanthropic partners to donate funds directly to the Memorial or maintain the funds in an account and spend at the park management's request. This process typically takes place through NPS Partner Annual Work Plans and Aid to Park requests.

The Statements of Functional Expenses present the natural classification detail of expenses by function. Costs are directly charged to the functions they benefit. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Payroll and related expenses are allocated on estimates of time and effort based on historical time studies. Facility related and other expenses are allocated to each function based on square footage utilized by the function.

#### Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation with no effect on previously reported net assets.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

#### (1) Nature of Operations and Summary of Significant Accounting Policies (Continued)

## **Summary of Significant Accounting Policies (Continued)**

#### **Subsequent Events**

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Society is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The Society's financial statements do not include adjustments to fair value that have resulted from these declines. As of the date of issuance of these financial statements, the full impact to the Society's financial position is not known.

Subsequent events have been evaluated through March 26, 2020, the date which the financial statements were available to be issued.

#### Federal Income Taxes

The Society is a non-profit organization and, therefore, is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society has been determined by the Internal Revenue Service not to be a "private foundation" under Section 509(a)(2) of the Internal Revenue Code. At December 31, 2019 and 2018, the Society believes no significant uncertain tax positions or liabilities exist.

The most significant tax positions of the Society are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Society follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management, who has determined it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

## **Adopted Accounting Pronouncement**

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-09 "Revenue from Contracts with Customers," (the "revenue recognition standard"). Subsequent to the issuance of ASU 2014-09, the FASB issued several additional accounting standards for revenue recognition to update the effective date of the revenue recognition guidance and to provided additional clarification on the updated standard. The Society adopted the revenue recognition standard and relevant amendments on January 1, 2019 using the modified retrospective approach. There was no material impact to the Society's financial statements.

### **Emerging Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

#### (1) Nature of Operations and Summary of Significant Accounting Policies (Concluded)

## **Summary of Significant Accounting Policies (Concluded)**

#### **Emerging Accounting Pronouncements (Continued)**

A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. If the available accounting election is made, leases with a term of twelve months or less can be accounted for similar to existing guidance for operating leases. The standard is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Society is currently evaluating the impact this standard will have on the financial statements.

#### (2) Investments

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value is based on assumptions that market participants would use, including consideration of nonperformance risk.

The three-level hierarchy is defined as follows:

- Level One: Observable inputs such as quoted market prices for identical assets or liabilities in active markets. The types of assets and liabilities included in Level One are highly liquid and actively traded investments with quoted market prices.
- Level Two: Inputs include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. The types of assets and liabilities included in Level Two are typically either comparable to actively traded securities or priced with models using observable inputs.
- Level Three: Inputs are based on prices or valuation techniques that are non-observable. The types of assets and liabilities included in Level Three require significant management judgment or estimation.

Fixed income funds and corporate bonds are valued at either the yields currently available on comparable securities of issuers with similar credit ratings or valued under a discounted cash flow approach that maximizes observable inputs such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable such as credit and liquidity risks. Certain money market funds are valued based on the funds deposited and net investment earnings, less withdrawals and fees.

The valuation methodologies used by the Society may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society's management 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.

The following tables present the assets carried at fair value as of December 31, 2019 and 2018, on the accompanying Statements of Financial Position by fair value hierarchy, as described above. All are measured on a recurring basis. The Society carried no other assets or liabilities measured at fair value on a recurring or non-recurring basis.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

# (2) Investments (Continued)

For the Year Ended December 31, 2019	]	Level One	L	evel Two	Lev	vel Three	Total
Money Market Funds	\$	808,486	\$	29,228	\$	-	\$ 837,714
<b>Total Money Market Funds included in</b>							
Cash and Cash Equivalents	\$	808,486	\$	29,228	\$	-	837,714
Investments:							
Publicly Traded Common Stock	\$	7,531,561	\$	-	\$	-	\$ 7,531,561
Corporate Bonds		-		2,466,301		-	2,466,301
Mutual Funds:							
Fixed Income Funds		668,238		913,166		-	1,581,404
Equity Funds		3,045,158		-		-	3,045,158
Real Estate Investment Funds		3,439		-		-	3,439
Other Investments		-		5,995		-	5,995
Total Investments Held at Fair Value	\$	11,248,396	\$	3,385,462	\$	-	14,633,858
Certificates of Deposits Held at Cost							65,297
<b>Total Investments</b>							\$ 14,699,155
For the Year Ended December 31, 2018		Level One	L	evel Two	Lev	vel Three	Total
Money Market Funds	\$	693,218	\$	29,841	\$	-	\$ 723,059
Total Money Market Funds included in							
Cash and Cash Equivalents	\$	693,218	\$	29,841	\$	-	723,059
Investments:							
Publicly Traded Common Stock	\$	7,153,604	\$	-	\$	-	\$ 7,153,604
Corporate Bonds		-		1,215,507		-	1,215,507
Mutual Funds:							
Fixed Income Funds		416,551		1,573,476		-	1,990,027
Equity Funds		2,058,917		-		-	2,058,917
Bond Funds		30,942		-		-	30,942
Real Estate Investment Funds		3,219		-		-	3,219
Other Investments		115,995		-		-	115,995
Total Investments Held at Fair Value	\$	9,779,228	\$	2,788,983	\$	-	12,568,211
Certificates of Deposits Held at Cost							80,000
Total Investments							\$ 12,648,211

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

#### (3) Property and Equipment

Property and equipment consists of the following at December 31:

	2019		2018
Office Equipment	\$ 65	7,274 \$	754,604
Building	1,33	8,360	1,338,385
Motion Picture	7	7,348	108,472
Leasehold Improvements	4	6,760	95,536
Vehicles	4	5,148	45,148
	2,16	4,890	2,342,145
Accumulated Depreciation	55	2,429	670,288
	1,61	2,461	1,671,857
Land	34	1,122	341,122
Property and Equipment, Net	\$ 1,95	3,583 \$	2,012,979

#### (4) Capital Campaign and Promises to Give

The Society began a capital campaign to fund the Monumental Movie project. The Campaign pledges to date consist primarily of pledges from board members and several major donors that have a history of supporting the Society.

Unconditional promises to give that are outstanding are as follows as of December 31:

	 2019	2018
Receivable in less than one year	\$ 64,068	\$ 38,762
Receivable in one to five years	25,358	28,627
Total Promises to Give	\$ 89,426	\$ 67,389

## (5) Educational and Product Sales

Gross educational and product sales and related cost of sales are as follows for the years ended December 31:

	 2019	2018
Gross Memorabilia Sales Cost of Sales	\$ 1,610,062 (744,275)	\$ 1,915,008 (923,544)
	865,787	991,464
Audio Tour Wand Rentals	87,333	70,669
Net Educational and Product Sales	\$ 953,120	\$ 1,062,133

## (6) Promise to Give to Others

Annually the Society agrees to contribute to the NPS for sculpture preservation and maintenance. As of December 31, 2019, \$80,273 of contributions have been paid. A \$119,727 promise to give to others was recorded on the Statement of Financial Position for the year ended December 31, 2019, to be paid to NPS in 2020.

## NOTES TO FINANCIAL STATEMENTS (CONCLUDED) DECEMBER 31, 2019 AND 2018

#### (7) Pension Plan

The Society offers a SIMPLE IRA retirement plan covering substantially all full-time employees. The Society matches up to 3 percent of employee contributions. The Society's contributions to the plan were \$9,616 and \$12,810 for the years ended December 31, 2019 and 2018, respectively.

## (8) Rapid City Airport Concession and Lease Agreement

On December 23, 2014, the Society entered into a five year concession and lease agreement (the Agreement) with the Rapid City Regional Airport, to operate a retail, news, and gift concession store. The initial term of the Agreement is from January 1, 2015 to December 31, 2019. During the year ended December 31, 2019, the Airport and Society agreed to extend the Agreement through December 31, 2024. The Agreement states rent will be paid monthly based on gross receipts with a minimum annual guarantee. Rent will be adjusted annually, to the greater of a percentage rent based on annual gross receipts or the minimum annual guarantee. For the year ending December 31, 2020 rent will be the higher of 13.5 percent of gross receipts or a minimum annual guarantee of \$80,835. The minimum annual guarantee for 2021 through 2024 will be the greater of 90 percent of the prior year required rent or \$80,835.

The Society rents addition facilities resulting in a total rent expense of \$117,112 and \$98,372 for the years ending December 31, 2019 and 2018, respectively.

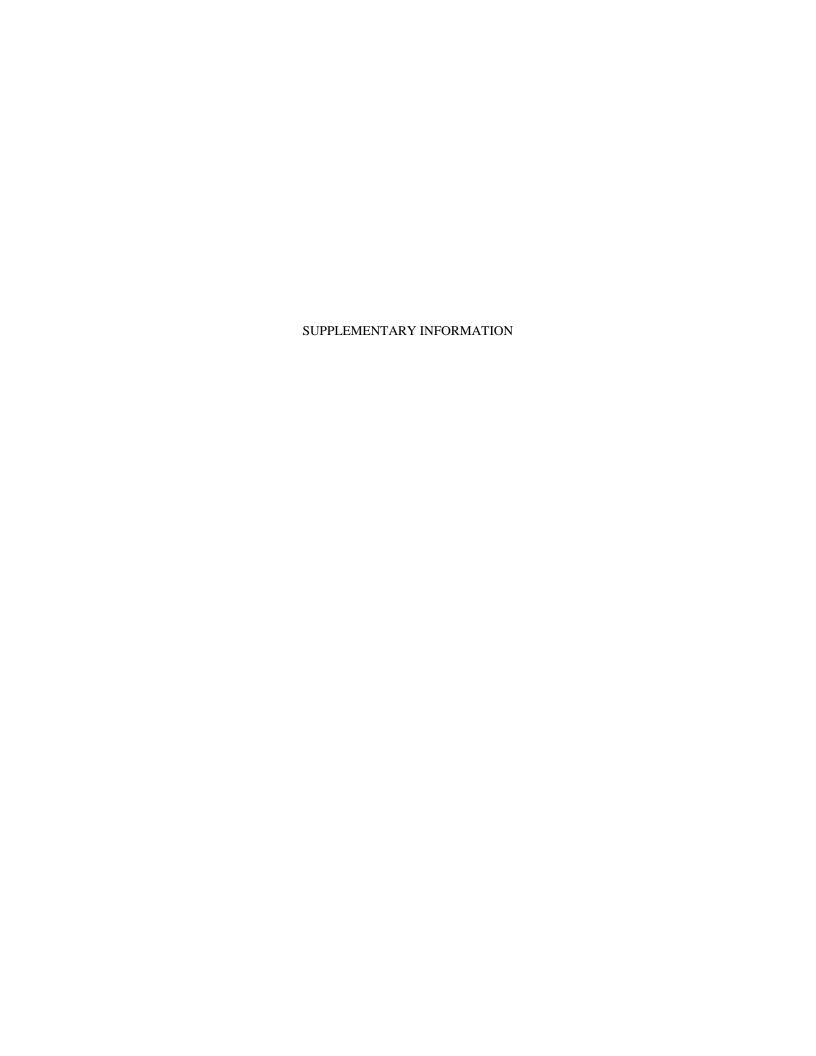
#### (9) Commitment

The Society's Board of Directors agreed to contribute \$100,000 for an environmental impact study of the Mickelson Connector Trail. This contribution is contingent upon additional studies to be performed by various governmental agencies. Accordingly, the contingent contribution has not been recorded in the accompanying financial statements at December 31, 2019.

## (10) Liquidity and Availability of Financial Assets

The Society's working capital and cash flows have seasonal variations during the year attributable to the tourism industry. To manage liquidity, during slower sales months the Society uses investment returns. The following reflects the Society's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use within one year of the balance sheet date because of donor-imposed restrictions.

	2019	2018
Cash and cash equivalents	\$ 1,116,842	\$ 1,062,020
Promises to Give	89,426	67,389
Investments	14,699,155	12,648,211
Total financial assets	15,905,423	13,777,620
Donor-imposed Restrictions:		
Cash restricted by donors to specific uses	(297,307)	(106,424)
Financial assets available to meet cash needs for expenditures		_
within one year	\$ 15,608,116	\$ 13,671,196



# STATEMENT OF ACTIVITIES BY DIVISION FOR THE YEAR ENDED DECEMBER 31, 2019

	Society	Bookstores		Main Street		Airport		Total
Support and Revenue	-							
Net Educational and Product Sales	\$ -	\$	539,071	\$	6,290	\$	407,759	\$ 953,120
Net Investment Return	2,665,606		180		-		-	2,665,786
Net Events Revenue	15,997		-		-		-	15,997
Event Center Rental	28,000		-		-		-	28,000
Contributions	242,192		519		-		-	242,711
Membership Sales	196		11,913		-		-	12,109
Loss on Disposal of Assets	(10,397)		-		-		-	(10,397)
Miscellaneous	622		609		4		(275)	960
<b>Total Support and Revenue</b>	2,942,216		552,292		6,294		407,484	3,908,286
_								
Expenses								
Program Expenses:								
Direct Program Support for Memorial	200,000		-		-		-	200,000
Indirect Program Support for Memorial	396,681		-		-		-	396,681
Retail Program Support	-		635,606		811		191,544	827,961
	596,681		635,606		811		191,544	1,424,642
Support Expenses:								
General and Administrative	269,906		80,137		-		31,315	381,358
Fundraising	127,194		-		-		-	127,194
	397,100		80,137		-		31,315	508,552
<b>Total Expenses</b>	993,781		715,743		811		222,859	1,933,194
Change in Net Assets	1,948,435		(163,451)		5,483		184,625	1,975,092
Net Assets Beginning of Year	15,655,764		367,726		-		59,875	16,083,365
Net Assets End of Year	\$ 17,604,199	\$	204,275	\$	5,483	\$	244,500	\$ 18,058,457

# STATEMENT OF ACTIVITIES BY DIVISION FOR THE YEAR ENDED DECEMBER 31, 2018

		Society I		Bookstores		Airport		Total
Support and Revenue						_		
Net Educational and Product Sales	\$	-	\$	747,026	\$	315,107	\$	1,062,133
Net Investment Return (Loss)		(830,441)		301		-		(830,140)
Net Events Revenue		12,435		-		-		12,435
Event Center Rental		650		-		-		650
Contributions		163,474		-		-		163,474
Membership Sales		4,280	66,635		-	70,915		
Loss on Disposal of Assets	-			(42)	(42) (15,517)			(15,559)
<b>Total Support and Revenue</b>		(649,602)		813,920		299,590		463,908
Expenses								
Program Expenses:								
Direct Program Support for Memorial		234,030		-		-		234,030
Indirect Program Support for Memorial		302,972		-		-		302,972
Retail Program Support		-		495,816		243,939		739,755
		537,002		495,816		243,939		1,276,757
G								
Support Expenses:		100 207		101 110		70.506		255.021
General and Administrative		123,307		181,118		70,596		375,021
Fundraising		160,754		-		-		160,754
		284,061		181,118		70,596		535,775
Total Expenses		821,063		676,934		314,535		1,812,532
-		•		•		•		
Change in Net Assets		(1,470,665)		136,986		(14,945)		(1,348,624)
Not Accets Paginning of Voor		17 126 420		220.740		74,820		17 /21 000
Net Assets Beginning of Year		17,126,429		230,740		74,820		17,431,989
Net Assets End of Year	\$	15,655,764	\$	367,726	\$	59,875	\$	16,083,365