

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

ktllp.com

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	3-4
<i>Financial Statements:</i>	
Statements of Financial Position.....	5
Statement of Activities – 2020.....	6
Statement of Activities – 2019.....	7
Statement of Functional Expenses – 2020.....	8
Statement of Functional Expenses – 2019.....	9
Statements of Cash Flows.....	10
Notes to the Financial Statements.....	11-19
<i>Supplementary Information:</i>	
Statement of Activities by Division – For the Year Ended December 31, 2020.....	20
Statement of Activities by Division – For the Year Ended December 31, 2019.....	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, 2020 and 2019, 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, 2020 and 2019, 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 2020 and 2019 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.

A handwritten signature in dark ink, reading "Ketel Thorstenson, LLP". The signature is fluid and cursive, with the letters "K", "T", and "L" being particularly prominent.

KETEL THORSTENSON, LLP
Certified Public Accountants

April 1, 2021

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

<u>ASSETS</u>	2020	2019
Cash and Cash Equivalents	\$ 980,077	\$ 1,116,842
Investments	16,638,265	14,699,155
Accounts Receivable	80,413	5,214
Promises to Give	32,030	89,426
Inventory	197,440	324,742
Prepaid Expenses	38,305	73,038
Other	20,172	21,082
Total Current Assets	17,986,702	16,329,499
 Property and Equipment, Net	 1,959,030	 1,953,583
TOTAL ASSETS	\$ 19,945,732	\$ 18,283,082
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 82,152	\$ 104,898
Refundable Advance - Paycheck Protection Program	175,548	-
Promise to Give to Others	-	119,727
Accrued Leave	26,964	-
Total Current Liabilities	284,664	224,625
 Commitments (Notes 8, 9, and 11)		
 Net Assets		
With Donor Restrictions - Purpose - Monumental Movie	502,253	361,438
With Donor Restrictions - Purpose - Junior Rangers	100	-
With Donor Restrictions - Purpose - Fireworks	-	15,000
Total Net Assets with Donor Restrictions	502,353	376,438
 Without Donor Restrictions	 19,158,715	 17,682,019
Total Net Assets	19,661,068	18,058,457
 TOTAL LIABILITIES AND NET ASSETS	 \$ 19,945,732	 \$ 18,283,082

The accompanying notes are an integral part of these financial statements.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Support and Revenue			
Net Educational and Product Sales	\$ 542,006	\$ -	\$ 542,006
Net Investment Return	2,209,091	-	2,209,091
Event Center Rental	14,250	-	14,250
Contributions	78,668	141,840	220,508
Grant Revenue	172,758	-	172,758
Membership Sales	3,275	-	3,275
Loss on Disposal of Assets	(3,261)	-	(3,261)
Miscellaneous	6,550	-	6,550
Net Asset Released from Restrictions	15,925	(15,925)	-
Total Support and Revenue	3,039,262	125,915	3,165,177
Expenses			
<i>Program Expenses:</i>			
Direct Program Support for Memorial	145,758	-	145,758
Indirect Program Support for Memorial	264,607	-	264,607
Retail Program Support	423,076	-	423,076
	833,441	-	833,441
<i>Support Expenses:</i>			
Management and General	288,765	-	288,765
Retail Support	271,048	-	271,048
Fundraising	169,312	-	169,312
	729,125	-	729,125
Total Expenses	1,562,566	-	1,562,566
Change in Net Assets	1,476,696	125,915	1,602,611
Adjusted Net Assets -- Beginning of Year	17,682,019	376,438	18,058,457
Net Assets -- End of Year	\$ 19,158,715	\$ 502,353	\$ 19,661,068

The accompanying notes are an integral part of this financial statement.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

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

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Support and Revenue			
Net Educational and Product Sales	\$ 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
Total Support and Revenue	3,717,403	190,883	3,908,286
Expenses			
<i>Program Expenses:</i>			
Direct Program Support for Memorial	200,000	-	200,000
Indirect Program Support for Memorial	371,716	-	371,716
Retail Program Support	678,578	-	678,578
	1,250,294	-	1,250,294
<i>Support Expenses:</i>			
Management and General	325,662	-	325,662
Retail Support	238,649	-	238,649
Fundraising	118,589	-	118,589
	682,900	-	682,900
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
Prior Period Adjustment	(79,131)	79,131	-
Net Assets -- Beginning of Year	15,897,810	185,555	16,083,365
Net Assets -- End of Year	\$ 17,682,019	\$ 376,438	\$ 18,058,457

The accompanying notes are an integral part of this financial statement.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program		Supporting Services			Total
	Memorial	Retail	Management and General	Retail Support	Fund Raising	2020
Expenses						
Payroll and Related Benefits	\$ 121,918	\$ 251,260	\$ 206,697	\$ 150,794	\$ 114,002	\$ 844,671
Cost of Sales	-	267,622	-	143,743	-	411,365
Aid to the Park	141,583	4,175	-	-	-	145,758
Depreciation	49,721	29,092	7,910	14,279	3,194	104,196
Technology and Equipment	13,809	22,218	596	12,541	24,793	73,957
Rent Minimum Annual Guarantee	-	12,310	-	51,639	-	63,949
Professional Fees	-	-	45,352	-	5,846	51,198
Office	8,852	12,457	5,589	4,226	3,548	34,672
Repairs and Maintenance	10,883	17,248	1,731	1,517	699	32,078
Charges and Fees	-	17,927	2,821	9,134	-	29,882
Occupancy	8,020	4,802	5,374	5,272	515	23,983
Retail Processing Supplies	459	15,498	-	6,613	1,313	23,883
Licenses and Taxes	14,378	1,373	4,745	2,142	924	23,562
Telephone	6,344	11,449	1,009	3,714	407	22,923
Travel	6,720	5,325	-	1,874	8,344	22,263
Insurance	9,333	4,730	1,485	3,856	600	20,004
Advertising	3,900	7,189	-	941	2,633	14,663
Meals and Mileage	1,803	6,167	1,714	2,232	972	12,888
Dues and Subscriptions	4,646	2,349	1,873	274	297	9,439
Other	1,401	216	1,574	-	1,225	4,416
Conferences and Meetings	2,420	1,466	295	-	-	4,181
Total Expenses	406,190	694,873	288,765	414,791	169,312	1,973,931
Less expenses included with revenues on the Statement of Activities	-	(267,622)	-	(143,743)	-	(411,365)
Total expenses included in expense section on the Statement of Activities	\$ 406,190	\$ 427,251	\$ 288,765	\$ 271,048	\$ 169,312	\$ 1,562,566

The accompanying notes are an integral part of this financial statement.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

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

	Program		Supporting Services			Total
	Memorial	Retail	Management and General	Retail Support	Fund Raising	2019
Expenses						
Payroll and Related Benefits	\$ 169,744	\$ 418,682	\$ 149,831	\$ 105,848	\$ 76,147	\$ 920,252
Cost of Sales	-	495,729	-	248,546	-	744,275
Aid to the Park	223,740	-	-	-	-	223,740
Depreciation	45,362	29,147	7,217	13,648	2,914	98,288
Technology and Equipment	10,741	24,838	2,370	4,492	419	42,860
Rent Minimum Annual Guarantee	-	30,789	-	71,843	-	102,632
Professional Fees	40,689	15,058	141,818	1,598	17,926	217,089
Office	14,062	18,786	3,347	4,454	2,641	43,290
Repairs and Maintenance	9,640	22,224	1,534	1,337	619	35,354
Charges and Fees	-	25,209	3,716	12,103	-	41,028
Occupancy	11,623	11,048	7,748	4,471	609	35,499
Retail Processing Supplies	-	22,761	-	3,705	-	26,466
Licenses and Taxes	14,067	6,565	2,238	2,362	904	26,136
Telephone	5,067	13,569	807	3,270	325	23,038
Travel	6,720	1,404	-	1,580	6,562	16,266
Insurance	601	7,225	96	4,167	39	12,128
Advertising	478	10,362	-	638	2,633	14,111
Meals and Mileage	4,088	12,579	3,195	641	5,165	25,668
Dues and Subscriptions	4,907	508	1,638	105	1,636	8,794
Other	94	3,790	47	53	50	4,034
Conferences and Meetings	18,366	4,034	60	2,334	-	24,794
Total Expenses	579,989	1,174,307	325,662	487,195	118,589	2,685,742
Less expenses included with revenues on the Statement of Activities:						
Cost of Sales	-	(495,729)	-	(248,546)	-	(744,275)
Event Expenses	(8,273)	-	-	-	-	(8,273)
Total expenses included in expense section on the Statement of Activities	\$ 571,716	\$ 678,578	\$ 325,662	\$ 238,649	\$ 118,589	\$ 1,933,194

The accompanying notes are an integral part of this financial statement.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,602,611	\$ 1,975,092
<i>Adjustments to Reconcile Change in Net Assets to</i>		
<i>Net Cash Flows Used in Operating Activities:</i>		
Depreciation	104,196	92,179
Amortization	-	6,109
Loss on Disposal of Assets	3,261	10,397
Loss on Uncollectible Promises to Give and Accounts Receivable	3,737	-
Net Realized and Unrealized Gain on Investments	(1,951,603)	(2,344,184)
Donated Investments	(120,480)	-
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>		
Accounts Receivable	(78,686)	-
Promises to Give	57,146	(22,037)
Inventory	127,302	54,010
Prepaid Expenses	34,733	(31,627)
Other	910	(9,893)
Accounts Payable and Accrued Expenses	4,218	(38,902)
Promise to Give to Others	(119,727)	119,727
Refundable Advance	175,548	-
Net Cash Flows Used in Operating Activities	(156,834)	(189,129)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(112,904)	(49,289)
Purchase of Investments	(6,046,098)	(434,236)
Proceeds from Sale of Investments	6,179,071	727,476
Net Cash Flows Provided by Investing Activities	20,069	243,951
Change in Cash and Cash Equivalents	(136,765)	54,822
Cash and Cash Equivalents -- Beginning of Year	1,116,842	1,062,020
Cash and Cash Equivalents -- End of Year	\$ 980,077	\$ 1,116,842

The accompanying notes are an integral part of these financial statements.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

Operations

Mount Rushmore National Memorial Society (the Society) is a nonprofit 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 and Rapid City Regional Airport (Airport), 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, 2020 or 2019.

Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which required the Society to report information regarding its financial position and activities according to the following net asset classifications:

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, 2020 or 2019. 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 Society 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 may be expended for any purpose in performing the primary objectives of the Society. 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.

Cash and Cash Equivalents

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

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2020 AND 2019

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

Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Society maintains cash and cash equivalents balances in various bank accounts that often exceed federally insured limits or include uninsured investments. To date, the Society has not experienced any losses in any of these accounts and feels the risk of exposure to loss is minimal.

Investments

The Society records its investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position, and changes in fair value are reported as net investment return in the statements of activities. 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.

Investments are managed by professional investment managers whose performance is monitored by management and the Society's investment committee of the Board of the Directors. Although the fair value of investments is subject to fluctuation on a year-to-year basis, management and the investment committee believe the investment policies and guidelines are prudent for the long-term welfare of the Society.

Contributions, Grants, and Promises to Give

Contributions, grants, 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. Management estimates an allowance for uncollectible promises to give based on potential collection issues and previous history with donors. Promises to give are written off when deemed uncollectable. For the years ended December 31, 2020 and 2019, no allowance has been estimated based on an analysis of promises to give.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances.

At December 31, 2020, contributions totaling \$500,000 have not been received or recognized in the accompanying statements of activities because the condition on which they depend has not yet been met. This conditional contribution depends on approval of the agreement by the NPS.

Contributed goods and services are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended December 31, 2020 and 2019, respectively. Volunteers contribute their time to the Society's activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by US GAAP.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2020 AND 2019

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

Summary of Significant Accounting Policies (Continued)

Inventory

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

Property and Equipment

The Society's policy is to capitalize property and equipment acquired for greater than \$500 and expense normal repairs and maintenance as incurred. The Society's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

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.

Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term.

Promises to Give to Others

Promises to give to others represent unconditional pledges made to other organizations. All are expected to be paid within the next year.

Revenue and 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 revenue.

The Society recognizes revenue from merchandise sales and tour rentals, included in net educational and product sales, and membership sales at the time of purchase.

Functional Allocation of Expenses

The costs of Memorial and Society programs have been summarized on a functional basis in the statements of activities. Direct program support for Memorial expenses consists 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 consistently applied reasonable basis. Such allocations are determined by management on an equitable basis. Payroll and related expenses are allocated on estimates of time and effort based on time studies. Facility related expenses are allocated to each function based on square footage utilized by the function. Retail sales related expenses are allocated to each function based on the percentage of related business taxable income at each location, the unrelated business income is presented as Retail Support supporting services as these activities are actively raising funds for NPS.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

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

Summary of Significant Accounting Policies (Concluded)

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.

Subsequent Events

Subsequent events have been evaluated through April 1, 2021, the date which the financial statements were available to be issued.

Federal Income Taxes

The Society has been recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the 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. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Society also files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

Emerging Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021 with early adoption permitted. The Society is currently evaluating the impact this standard will have on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires that contributions of nonfinancial assets be reported in a separate line item with the statement of activities. Additional disclosures are also required, to include whether the contributions are monetized or utilized by the Society, the existence of any donor restrictions related to the assets, and how fair value was determined. The standard is effective for years beginning after June 15, 2021. The Society will be evaluating the impact this standard will have on the financial statements.

(2) Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous, market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Society groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

(2) Investments (Continued)

The three-level hierarchy categorizes the inputs as follows:

- Level One: Observable inputs such as quoted market prices for identical assets or liabilities in active markets that we can access at the measurement date.
- Level Two: Inputs other than quoted prices included within Level One that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated 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, 2020 and 2019, 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.

For the Year Ended December 31, 2020	Level One	Level Two	Level Three	Total
Money Market Funds	\$ 654,805	\$ -	\$ -	\$ 654,805
Total Money Market Funds Included in				
Cash and Cash Equivalents	\$ 654,805	\$ -	\$ -	654,805
Investments:				
Publicly Traded Common Stock	\$ 9,653,075	\$ -	\$ -	\$ 9,653,075
Corporate Bonds	-	2,594,592	-	2,594,592
Mutual Funds:				
Fixed Income Funds	457,789	414,326	-	872,115
Equity Funds	3,477,717	-	-	3,477,717
Bond Funds	-	-	-	-
Real Estate Investment Funds	7,911	-	-	7,911
Other Investments	-	7,084	-	7,084
Total Investments Held at Fair Value	\$ 13,596,492	\$ 3,016,002	\$ -	16,612,494
Certificates of Deposits Held at Cost				25,771
Total Investments				\$ 16,638,265

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

(2) Investments (Concluded)

For the Year Ended December 31, 2019	Level One	Level Two	Level Three	Total
Money Market Funds	\$ 808,486	\$ 29,228	\$ -	\$ 837,714
Total Money Market Funds Included in 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
Total Investments				\$ 14,699,155

(3) Property and Equipment

Property and equipment consists of the following at December 31:

	2020	2019
Office Equipment	\$ 666,203	\$ 657,274
Building	1,350,376	1,338,360
Motion Picture	77,348	77,348
Leasehold Improvements	46,760	46,760
Vehicles	46,085	45,148
	2,186,772	2,164,890
Accumulated Depreciation	568,864	552,429
	1,617,908	1,612,461
Land	341,122	341,122
Property and Equipment, Net	\$ 1,959,030	\$ 1,953,583

(4) Accounts Receivable

Accounts receivable consists of the following at December 31:

	2020	2019
Due from Department of the U.S. Treasury	\$ 76,592	\$ -
Trade	3,821	5,214
Total Accounts Receivable	\$ 80,413	\$ 5,214

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

(5) 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 estimated to be collected as follows as of December 31:

	2020	2019
Receivable in less than one year	\$ 24,446	\$ 64,068
Receivable in one to five years	7,584	25,358
Total Promises to Give	\$ 32,030	\$ 89,426

At December 31, 2020 and 2019, three donors accounted for 60 percent and 59 percent of total promises to give, respectively. Two donors accounted for 66 percent and 17 percent of total contribution revenue for the years ended December 31, 2020 and 2019, respectively.

Promises to give are required to be recorded at present value, which is the current value of cash to be received in the future, discounted at a market rate of interest. The Society has determined this to be immaterial to the financial statements.

(6) Educational and Product Sales

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

	2020	2019
Gross Educational and Product Sales	\$ 946,803	\$ 1,610,062
Cost of Sales	(411,365)	(744,275)
	535,438	865,787
Audio Tour Wand Rentals	6,568	87,333
Net Educational and Product Sales	\$ 542,006	\$ 953,120

Educational and product sales were affected by the pandemic and construction events during 2019 and 2020. See Economic Outlook note for additional information.

(7) Refundable Advance

The Society was granted a **\$175,548** loan under the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration (SBA) from a qualified lender. The loan is uncollateralized and is fully guaranteed by the SBA. The Society may be eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Because the Society anticipates forgiveness, this is considered a conditional contribution, and funds received in advance of meeting the conditions are recorded as refundable advances. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. In addition, other requirements regarding salary and employee levels must be maintained. Management submitted a forgiveness application subsequent to year end and has since received full forgiveness.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020 AND 2019

(8) 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 **\$10,564** and \$9,616 for the years ended December 31, 2020 and 2019, respectively.

(9) 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 is 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.

Due to the pandemic during 2020, the Airport amended the Agreement waiving six months of the required minimum annual guarantee and based the monthly rent on 13.5 percent of gross receipts instead. Because of the reduction of passenger loads during 2020, the 2021 minimum annual guarantee will be \$48,549.

The Society rents additional facilities resulting in a total rent expense of **\$72,239** and \$117,112 for the years ending December 31, 2020 and 2019, respectively.

(10) Prior Period Adjustment

During 2020, it was determined that \$79,131 in net assets without restrictions in prior years were not properly reflected as net assets with restrictions – Monumental Movie. In order to correct this reporting error, a prior period adjustment has been made to reflect the amount in net assets with restrictions – Monumental Movie. There is no overall effect on the total net assets as a result of this prior period adjustment. The total net assets with restrictions – Monumental Movie as of December 31, 2018 were understated by the referenced amount.

(11) 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, 2020.

During 2020, the Society's Board of Directors agreed to contribute funding for the Monumental Movie project. This contribution is contingent on the amount the project will take to complete. Accordingly, the contingent contribution has not been recorded in the accompanying financial statements at December 31, 2020.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2020 AND 2019

(12) 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.

	2020	2019
Cash and Cash Equivalents	\$ 980,077	\$ 1,116,842
Accounts Receivable	80,413	5,214
Promises to Give	32,030	89,426
Investments	16,638,265	14,699,155
Total Financial Assets	17,730,785	15,910,637
Donor-imposed Restrictions:		
Cash restricted by donors to specific uses	(502,353)	(376,438)
Financial assets available to meet cash needs for expenditures within one year	\$ 17,228,432	\$ 15,534,199

(13) Current Events

The Society has been impacted by the world-wide coronavirus pandemic. The Society's revenue consists primarily of contributions, retail sales, and investment income. As such, its ability to fund programs and support operations is significantly dependent on the tourism industry, the financial strength of its donor base, and the general economic factors affecting its investment portfolio. The Bookstores and Airport locations were closed to the public from March to June 2020 and saw significant reductions in the number of visitors; however, tourism has since rebounded. Certain cost saving measures were implemented to maintain operations. The potential continued decline and volatility of the equity, credit, and labor markets resulting from the coronavirus pandemic could have a significant impact on future operations. Stay at home orders and other government restrictions could result in a decline in visitors.

The Society is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this world-wide coronavirus pandemic. As of the date of issuance of these financial statements, the full impact to the Society's financial position is not known.

SUPPLEMENTARY INFORMATION

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**STATEMENT OF ACTIVITIES BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Society	Bookstores	Main Street	Airport	Total
Support and Revenue					
Net Educational and Product Sales	\$ -	\$ 303,365	\$ 12,542	\$ 226,099	\$ 542,006
Net Investment Return (Loss)	2,209,039	52	-	-	2,209,091
Event Center Rental	14,250	-	-	-	14,250
Contributions	219,904	559	45	-	220,508
Grant Revenue	172,758	-	-	-	172,758
Membership Sales	920	1,995	360	-	3,275
Loss on Disposal of Assets	(392)	(2,869)	-	-	(3,261)
Miscellaneous	5,228	345	519	458	6,550
	2,621,707	303,447	13,466	226,557	3,165,177
Expenses					
<i>Program Expenses:</i>					
Direct Program Support for Memorial	141,583	4,171	4	-	145,758
Indirect Program Support for Memorial	264,607	-	-	-	264,607
Retail Program Support	-	327,288	17,876	77,912	423,076
	406,190	331,459	17,880	77,912	833,441
<i>Support Expenses:</i>					
Management and General	188,414	53,518	3,150	43,683	288,765
Retail Support	64,231	17,344	10,531	178,942	271,048
Fundraising	120,632	26,038	1,908	20,734	169,312
	373,277	96,900	15,589	243,359	729,125
Total Expenses	779,467	428,359	33,469	321,271	1,562,566
Change in Net Assets	1,842,240	(124,912)	(20,003)	(94,714)	1,602,611
Net Assets -- Beginning of Year	17,802,185	242,146	(6,641)	20,767	18,058,457
Net Assets -- End of Year	\$ 19,644,425	\$ 117,234	\$ (26,644)	\$ (73,947)	\$ 19,661,068

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**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
Total Support and Revenue	2,942,216	552,292	6,294	407,484	3,908,286
Expenses					
<i>Program Expenses:</i>					
Direct Program Support for Memorial	200,000	-	-	-	200,000
Indirect Program Support for Memorial	371,716	-	-	-	371,716
Retail Program Support	-	519,878	5,114	153,586	678,578
	571,716	519,878	5,114	153,586	1,250,294
<i>Support Expenses:</i>					
Management and General	131,490	130,440	6,544	57,188	325,662
Retail Support	13,921	-	1,277	223,451	238,649
Fundraising	78,668	27,554	-	12,367	118,589
	224,079	157,994	7,821	293,006	682,900
Total Expenses	795,795	677,872	12,935	446,592	1,933,194
Change in Net Assets	2,146,421	(125,580)	(6,641)	(39,108)	1,975,092
Net Assets -- Beginning of Year	15,655,764	367,726	-	59,875	16,083,365
Net Assets -- End of Year	\$ 17,802,185	\$ 242,146	\$ (6,641)	\$ 20,767	\$ 18,058,457