

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



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 - 2021	6
Statement of Activities - 2020	7
Statement of Functional Expenses - 2021	8
Statement of Functional Expenses - 2020	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, 2021	21
Statement of Activities by Division – For the Year Ended December 31, 2020	22



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY** (the 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 the Society as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the 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 the Society's ability to continue as a going concern within one year after the date that the financial statements were 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 there is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

Board of Directors
Mount Rushmore National Memorial Society

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform 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 the 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 the 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 other internal control matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2021 and 2020 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

April 21, 2022

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

<u>ASSETS</u>	2021	2020
Cash and Cash Equivalents (Note 2)	\$ 1,599,473	\$ 980,077
Investments (Note 2)	18,557,700	16,638,265
Accounts Receivable (Note 4)	1,382	80,413
Promises to Give, Current (Note 5)	29,365	24,446
Inventory	371,032	197,440
Prepaid Expenses	17,931	38,305
Other	20,248	20,172
Total Current Assets	20,597,131	17,979,118
Property and Equipment, Net (Note 3)	1,879,318	1,959,030
Promises to Give, Net of Current Portion (Note 5)	-	7,584
TOTAL ASSETS	\$ 22,476,449	\$ 19,945,732
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 155,491	\$ 82,152
Refundable Advance - Paycheck Protection Program	-	175,548
Accrued Leave	29,969	26,964
Total Current Liabilities	185,460	284,664
Commitments (Notes 8, 9, and 11)		
Net Assets		
With Donor Restrictions - Purpose - Monumental Movie	877,798	502,253
With Donor Restrictions - Purpose - Junior Rangers	11,541	100
With Donor Restrictions - Purpose - Bus Vouchers	3,000	-
Total Net Assets with Donor Restrictions	892,339	502,353
Without Donor Restrictions	21,398,650	19,158,715
Total Net Assets	22,290,989	19,661,068
TOTAL LIABILITIES AND NET ASSETS	\$ 22,476,449	\$ 19,945,732

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, 2021**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Support and Revenue			
Net Educational and Product Sales (Note 6)	\$ 1,396,223	\$ -	\$ 1,396,223
Net Investment Return	2,397,117	-	2,397,117
Event Center Rental	8,100	-	8,100
Contributions	175,310	390,086	565,396
Grant Revenue	203,746	-	203,746
Membership Sales	18,865	-	18,865
Loss on Disposal of Assets	(4,996)	-	(4,996)
Miscellaneous	1,727	-	1,727
Net Asset Released from Restrictions	100	(100)	-
Total Support and Revenue	4,196,192	389,986	4,586,178
Expenses			
<i>Program Expenses:</i>			
Direct Program Support for Memorial	134,397	-	134,397
Indirect Program Support for Memorial	291,275	-	291,275
Retail Program Support	624,222	-	624,222
	1,049,894	-	1,049,894
<i>Support Expenses:</i>			
Management and General	315,695	-	315,695
Retail Support	404,319	-	404,319
Fundraising	186,349	-	186,349
	906,363	-	906,363
Total Expenses	1,956,257	-	1,956,257
Change in Net Assets	2,239,935	389,986	2,629,921
Net Assets -- Beginning of Year	19,158,715	502,353	19,661,068
Net Assets -- End of Year	\$ 21,398,650	\$ 892,339	\$ 22,290,989

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, 2020**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Support and Revenue			
Net Educational and Product Sales (Note 6)	\$ 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	141,583	-	141,583
Indirect Program Support for Memorial	264,607	-	264,607
Retail Program Support	427,251	-	427,251
	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
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program		Supporting Services			Total
	Memorial	Retail	Management and General	Retail Support	Fund Raising	2021
Expenses						
Payroll and Related Benefits (Note 9)	\$ 148,217	\$ 398,801	\$ 203,203	\$ 190,104	\$ 126,677	\$ 1,067,002
Cost of Sales (Note 6)	-	660,101	-	368,694	-	1,028,795
Aid to the Park	134,397	-	-	-	-	134,397
Rent Airport (Note 10)	-	13,215	-	106,483	-	119,698
Depreciation	53,251	26,688	8,472	18,014	3,421	109,846
Technology and Equipment	13,325	32,469	(310)	22,478	26,257	94,219
Professional Fees	-	-	64,128	5,474	3,250	72,852
Charges and Fees	-	37,463	5,031	19,015	521	62,030
Office	6,950	23,290	13,998	8,809	7,915	60,962
Retail Processing Supplies	182	32,881	-	13,882	-	46,945
Repairs and Maintenance	12,874	26,854	2,048	2,040	827	44,643
Occupancy	8,082	4,811	5,270	5,443	519	24,125
Advertising	2,837	4,790	2,837	603	9,743	20,810
Licenses and Taxes	12,953	2,563	2,357	1,775	832	20,480
Insurance	9,267	2,791	1,474	3,915	595	18,042
Telephone	5,061	7,399	805	2,843	325	16,433
Meals and Mileage	2,146	6,377	1,729	3,232	1,177	14,661
Other	7,714	558	984	-	3,735	12,991
Dues and Subscriptions	2,545	1,630	3,577	209	555	8,516
Conferences and Meetings	5,626	1,602	-	-	-	7,228
Travel	245	40	92	-	-	377
Total Expenses	425,672	1,284,323	315,695	773,013	186,349	2,985,052
Less expenses included with revenues on the Statement of Activities	-	(660,101)	-	(368,694)	-	(1,028,795)
Total expenses included in expense section on the Statement of Activities	\$ 425,672	\$ 624,222	\$ 315,695	\$ 404,319	\$ 186,349	\$ 1,956,257

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 (Note 9)	\$ 121,918	\$ 251,260	\$ 206,697	\$ 150,794	\$ 114,002	\$ 844,671
Cost of Sales (Note 6)	-	267,622	-	143,743	-	411,365
Aid to the Park	141,583	4,175	-	-	-	145,758
Rent Airport (Note 10)	-	12,310	-	51,639	-	63,949
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
Professional Fees	-	-	45,352	-	5,846	51,198
Charges and Fees	-	17,927	2,821	9,134	-	29,882
Office	8,852	12,457	5,589	4,226	3,548	34,672
Retail Processing Supplies	459	15,498	-	6,613	1,313	23,883
Repairs and Maintenance	10,883	17,248	1,731	1,517	699	32,078
Occupancy	8,020	4,802	5,374	5,272	515	23,983
Advertising	3,900	7,189	-	941	2,633	14,663
Licenses and Taxes	14,378	1,373	4,745	2,142	924	23,562
Insurance	9,333	4,730	1,485	3,856	600	20,004
Telephone	6,344	11,449	1,009	3,714	407	22,923
Meals and Mileage	1,803	6,167	1,714	2,232	972	12,888
Other	1,401	216	1,574	-	1,225	4,416
Dues and Subscriptions	4,646	2,349	1,873	274	297	9,439
Conferences and Meetings	2,420	1,466	295	-	-	4,181
Travel	6,720	5,325	-	1,874	8,344	22,263
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:						
Cost of Sales (Note 6)	-	(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

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ 2,629,921	\$ 1,602,611
<i>Adjustments to Reconcile Change in Net Assets to</i>		
<i>Net Cash Flows Provided by (Used in) Operating Activities:</i>		
Depreciation	109,846	104,196
Loss on Disposal of Assets	4,996	3,261
Loss on Uncollectible Promises to Give and Accounts Receivable	-	3,737
Net Realized and Unrealized Gain on Investments	(2,080,652)	(1,951,603)
Donated Investments	(10,035)	(120,480)
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>		
Accounts Receivable	79,031	(78,686)
Promises to Give	2,665	57,146
Inventory	(173,592)	127,302
Prepaid Expenses	20,374	34,733
Other	(76)	910
Accounts Payable and Accrued Expenses	76,344	4,218
Promise to Give to Others	-	(119,727)
Refundable Advance	(175,548)	175,548
Net Cash Flows Provided by (Used in) Operating Activities	483,274	(156,834)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(35,130)	(112,904)
Purchase of Investments	(368,445)	(6,046,098)
Proceeds from Sale of Investments	539,697	6,179,071
Net Cash Flows Provided by Investing Activities	136,122	20,069
Change in Cash and Cash Equivalents	619,396	(136,765)
Cash and Cash Equivalents -- Beginning of Year	980,077	1,116,842
Cash and Cash Equivalents -- End of Year	\$ 1,599,473	\$ 980,077

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

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

(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 program 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, 2021 or 2020.

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, 2021 or 2020. 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, 2021 AND 2020

(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, 2021 and 2020, 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, 2021, contributions totaling \$250,000 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 completion of the project.

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, 2021 and 2020, 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, 2021 AND 2020

(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 \$2,500 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.

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. Membership sales are not material to recognize over the term of the membership.

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, 2021 AND 2020

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

Summary of Significant Accounting Policies (Concluded)

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. At December 31, 2021, the Society believes no significant uncertain tax positions or liabilities exist.

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.

Subsequent Events

Subsequent events have been evaluated through April 21, 2022, the date which the financial statements were available to be issued.

(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 investments at fair value in three levels, based on the markets in which the investments 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, 2021 AND 2020

(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.

Certain 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, 2021 and 2020, 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, 2021	Level One	Level Two	Level Three	Total
Money Market Funds	\$ 742,515	\$ -	\$ -	\$ 742,515
Total Money Market Funds Included in				
Cash and Cash Equivalents	\$ 742,515	\$ -	\$ -	742,515
Investments:				
Publicly Traded Common Stock	\$ 12,895,651	\$ -	\$ -	\$ 12,895,651
Corporate Bonds	-	3,274,170	-	3,274,170
Mutual Funds:				
Fixed Income Funds	111,033	752,985	-	864,018
Equity Funds	1,486,247	-	-	1,486,247
Real Estate Investment Funds	12,408	-	-	12,408
Total Investments Held at Fair Value	\$ 14,505,339	\$ 4,027,155	\$ -	18,532,494
Certificates of Deposits Held at Cost				25,206
Total Investments				\$ 18,557,700

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

(2) Investments (Continued)

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
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

(3) Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Office Equipment	\$ 652,966	\$ 666,203
Building	1,350,376	1,350,376
Motion Picture	77,348	77,348
Leasehold Improvements	46,760	46,760
Vehicles	50,063	46,085
	2,177,513	2,186,772
Accumulated Depreciation	639,317	568,864
	1,538,196	1,617,908
Land	341,122	341,122
Property and Equipment, Net	\$ 1,879,318	\$ 1,959,030

(4) Accounts Receivable

Accounts receivable consists of the following at December 31:

	2021	2020
Due from Department of the U.S. Treasury	\$ -	\$ 76,592
Trade	1,382	3,821
Total Accounts Receivable	\$ 1,382	\$ 80,413

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

(5) Capital Campaign and Promises to Give

In 2017, the Society began a capital campaign to fund the Monumental Movie project. This campaign will continue until estimated completion of the project in 2023.

Unconditional promises to give that are estimated to be collected are as follows as of December 31:

	2021	2020
Receivable in less than one year	\$ 29,365	\$ 24,446
Receivable in one to five years	-	7,584
Total Promises to Give	\$ 29,365	\$ 32,030

At December 31, 2021 and 2020, five donors accounted for 82 percent and three donors accounted for 60 percent of total promises to give, respectively. Three donors accounted for 59 percent and two donors accounted for 66 percent of total contribution revenue for the years ended December 31, 2021 and 2020, 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:

	2021	2020
Gross Educational and Product Sales	\$ 2,369,126	\$ 946,803
Cost of Sales	(1,028,795)	(411,365)
	1,340,331	535,438
Self-Guided Tour Rental Revenue	55,892	6,568
Net Educational and Product Sales	\$ 1,396,223	\$ 542,006

Educational and product sales were affected by the pandemic and construction events during 2020.

(7) Refundable Advance

In 2020, 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 was uncollateralized and was fully guaranteed by the SBA. The Society was eligible for loan forgiveness of 100% of the loan, upon meeting certain requirements. Because the Society anticipated forgiveness, this was considered a conditional contribution, and funds received in advance of meeting the conditions were recorded as refundable advances. Proceeds from the loan were eligible for forgiveness because they were used for certain payroll, rent, and utility expenses. In addition, other requirements regarding salary and employee levels were met. Management submitted a forgiveness application in 2021 and received full forgiveness, which is recorded in grant revenue.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

(8) Line of Credit

The Society opened a line of credit on April 20, 2021 for \$500,000 for operation purposes. It is collateralized against investment balances. The maturity date is April 15, 2026. The interest rate is 2.85% and as of December 31, 2021, the balance is \$-0-.

(9) Retirement 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 **\$11,647** and \$10,564 for the years ended December 31, 2021 and 2020, respectively.

(10) Rapid City Airport Concession and Lease Agreement

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 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, 2021, rent was the higher of 13.5 percent of gross receipts or a minimum annual guarantee.

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.

The minimum annual guarantee for 2022 through 2024 will be the greater of 90 percent of the prior year required rent or \$107,728.

The Society rents additional facilities monthly resulting in a total rent expense of **\$127,174** and \$72,239 for the years ending December 31, 2021 and 2020, respectively.

(11) Commitments

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, 2021 and 2020, respectively.

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, 2021 and 2020, respectively.

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2021 AND 2020

(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.

	2021	2020
Cash and Cash Equivalents	\$ 1,599,473	\$ 980,077
Accounts Receivable	1,382	80,413
Promises to Give	29,365	24,446
Investments	18,557,700	16,638,265
Total Financial Assets	20,187,920	17,723,201
Donor-imposed Restrictions:		
Cash restricted by donors to specific uses	(892,339)	(502,353)
Financial assets available to meet cash needs for expenditures within one year	\$ 19,295,581	\$ 17,220,848

(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 rebounded in 2021.

SUPPLEMENTARY INFORMATION

MOUNT RUSHMORE NATIONAL MEMORIAL SOCIETY

**STATEMENT OF ACTIVITIES BY DIVISION
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Society	Bookstores	Main Street	Airport	Total
Support and Revenue					
Net Educational and Product Sales	\$ -	\$ 858,296	\$ 33,236	\$ 504,691	\$ 1,396,223
Net Investment Return	2,397,117	-	-	-	2,397,117
Event Center Rental	8,100	-	-	-	8,100
Contributions	468,312	96,342	517	225	565,396
Grant Revenue	203,746	-	-	-	203,746
Membership Sales	3,265	15,000	600	-	18,865
Loss on Disposal of Assets	(4,996)	-	-	-	(4,996)
Miscellaneous	442	610	35	640	1,727
	3,075,986	970,248	34,388	505,556	4,586,178
Expenses					
<i>Program Expenses:</i>					
Direct Program Support for Memorial	134,397	-	-	-	134,397
Indirect Program Support for Memorial	291,275	-	-	-	291,275
Retail Program Support	-	547,591	15,235	61,396	624,222
	425,672	547,591	15,235	61,396	1,049,894
<i>Support Expenses:</i>					
Management and General	228,384	52,288	6,257	28,766	315,695
Retail Support	70,182	16,833	27,045	290,259	404,319
Fundraising	140,766	27,447	3,761	14,375	186,349
	439,332	96,568	37,063	333,400	906,363
Total Expenses	865,004	644,159	52,298	394,796	1,956,257
Change in Net Assets	2,210,982	326,089	(17,910)	110,760	2,629,921
Net Assets -- Beginning of Year	19,644,425	117,234	(26,644)	(73,947)	19,661,068
Net Assets -- End of Year	\$ 21,855,407	\$ 443,323	\$ (44,554)	\$ 36,813	\$22,290,989

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	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
Total Support and Revenue	2,621,707	303,447	13,466	226,557	3,165,177
Expenses					
<i>Program Expenses:</i>					
Direct Program Support for Memorial	141,583	-	-	-	141,583
Indirect Program Support for Memorial	264,607	-	-	-	264,607
Retail Program Support	-	331,459	17,880	77,912	427,251
	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