

**ATLANTA HISTORICAL SOCIETY, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

**with
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees of Atlanta Historical Society, Inc.

We have audited the accompanying consolidated financial statements of Atlanta Historical Society, Inc. and Subsidiary (the "Organization") (a not-for-profit organization), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atlanta Historical Society, Inc. and Subsidiary as of June 30, 2021 and 2020, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with GAAP.

Smith and Howard

December 7, 2021

**ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,999,187	\$ 6,041,057
Investments	90,462,468	68,527,248
Pledges receivable, net	2,474,981	3,877,564
Note receivable	15,000,000	-
Other receivables	61,303	45,952
Merchandise inventory	148,862	215,194
Prepaid expenses	516,269	595,736
Property and equipment, net	54,265,102	56,243,690
Irrevocable charitable remainder trust, net of present value	6,264,345	5,138,510
Irrevocable beneficial interest trusts	<u>9,690,274</u>	<u>7,832,300</u>
 Total Assets	 <u>\$ 186,882,791</u>	 <u>\$ 148,517,251</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 1,417,616	\$ 1,225,625
Deferred membership dues and customer deposits	<u>1,537,105</u>	<u>1,310,559</u>
 Total Liabilities	 <u>2,954,721</u>	 <u>2,536,184</u>
 Net assets		
Without donor restrictions	121,434,537	94,041,113
With donor restrictions	<u>62,493,533</u>	<u>51,939,954</u>
 Total Net Assets	 <u>183,928,070</u>	 <u>145,981,067</u>
	 <u>\$ 186,882,791</u>	 <u>\$ 148,517,251</u>

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

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
Revenue, gains and other support:			
Contributions	\$ 1,765,323	\$ 1,718,939	\$ 3,484,262
Grants	361,373	2,910,275	3,271,648
Paycheck protection program grant	1,109,087	-	1,109,087
Admissions	544,126	-	544,126
Membership dues	316,822	-	316,822
Program service fees	27,023	-	27,023
Merchandise sales	937,246	-	937,246
Less cost of goods sold	<u>(143,113)</u>	<u>-</u>	<u>(143,113)</u>
Net merchandise sales	794,133	-	794,133
Rental income	884,691	-	884,691
Net investment return	13,543,306	8,285,100	21,828,406
Change in irrevocable charitable remainder trust	-	1,125,836	1,125,836
Changes in irrevocable beneficial interest trusts	-	1,857,974	1,857,974
Gain on the sale of property	16,500,000	-	16,500,000
Net assets released from restrictions	<u>5,344,545</u>	<u>(5,344,545)</u>	<u>-</u>
Total revenue, gains and other support	<u>41,190,429</u>	<u>10,553,579</u>	<u>51,744,008</u>
Expenses:			
Program services:			
Collections	8,046,092	-	8,046,092
Exhibition	89,893	-	89,893
Programs	708,758	-	708,758
Education	474,650	-	474,650
Visitor services	784,282	-	784,282
Auxiliary	<u>767,615</u>	<u>-</u>	<u>767,615</u>
Total program services	<u>10,871,290</u>	<u>-</u>	<u>10,871,290</u>
Support services:			
Management and general	1,742,745	-	1,742,745
Fundraising	551,565	-	551,565
Marketing	<u>631,405</u>	<u>-</u>	<u>631,405</u>
Total support services	<u>2,925,715</u>	<u>-</u>	<u>2,925,715</u>
Total expenses	<u>13,797,005</u>	<u>-</u>	<u>13,797,005</u>
Change in net assets	27,393,424	10,553,579	37,947,003
Net assets:			
Beginning of year	<u>94,041,113</u>	<u>51,939,954</u>	<u>145,981,067</u>
End of year	<u>\$ 121,434,537</u>	<u>\$ 62,493,533</u>	<u>\$ 183,928,070</u>

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

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
Revenue, gains and other support:			
Contributions	\$ 2,260,916	\$ 588,389	\$ 2,849,305
Grants	184,951	3,091,699	3,276,650
Paycheck protection program grant	1,108,973	-	1,108,973
Admissions	1,102,403	-	1,102,403
Membership dues	362,446	-	362,446
Program service fees	199,021	-	199,021
			-
Merchandise sales	1,538,257	-	1,538,257
Less cost of goods sold	<u>(296,066)</u>	<u>-</u>	<u>(296,066)</u>
Net merchandise sales	1,242,191	-	1,242,191
Rental income	992,024	-	992,024
Net investment return	(1,672,256)	(233,988)	(1,906,244)
Change in irrevocable charitable remainder trust	-	(10,563)	(10,563)
Changes in irrevocable beneficial interest trusts	-	(531,611)	(531,611)
Net assets released from restrictions	<u>3,628,398</u>	<u>(3,628,398)</u>	<u>-</u>
 Total revenue, gains and other support	 <u>9,409,067</u>	 <u>(724,472)</u>	 <u>8,684,595</u>
Expenses:			
Program services:			
Collections	8,345,191	-	8,345,191
Exhibition	293,573	-	293,573
Programs	716,840	-	716,840
Education	588,116	-	588,116
Visitor services	1,018,504	-	1,018,504
Auxiliary	<u>848,017</u>	<u>-</u>	<u>848,017</u>
 Total program services	 <u>11,810,241</u>	 <u>-</u>	 <u>11,810,241</u>
Support services:			
Management and general	1,484,786	-	1,484,786
Fundraising	582,692	-	582,692
Marketing	<u>561,082</u>	<u>-</u>	<u>561,082</u>
 Total support services	 <u>2,628,560</u>	 <u>-</u>	 <u>2,628,560</u>
 Total expenses	 <u>14,438,801</u>	 <u>-</u>	 <u>14,438,801</u>
 Change in net assets	 (5,029,734)	 (724,472)	 (5,754,206)
Net assets:			
Beginning of year	<u>99,070,847</u>	<u>52,664,426</u>	<u>151,735,273</u>
 End of year	 <u>\$ 94,041,113</u>	 <u>\$ 51,939,954</u>	 <u>\$ 145,981,067</u>

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

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services							Management and General	Fundraising	Marketing	Total
	Collections	Exhibitions	Programs	Education	Visitor Services	Auxiliary	Total				
Personnel	\$ 1,565,769	\$ 22,975	\$ 461,182	\$ 419,307	\$ 348,388	\$ 659,802	\$ 3,477,423	\$ 1,163,302	\$ 457,289	\$ 319,745	\$ 5,417,759
Occupancy	2,017,794	456	9,157	8,326	342,271	29,979	2,407,983	65,486	9,296	6,349	2,489,114
Exhibitions and collections	175,379	61,997	22,524	-	-	-	259,900	21,277	-	-	281,177
Advertising	29,576	-	500	-	-	236	30,312	-	-	41,407	71,719
Professional services	549,818	378	91,145	6,893	5,727	13,155	667,116	99,692	7,517	5,256	779,581
Travel	2,802	-	144	96	-	19	3,061	-	-	-	3,061
Information technology	162,861	1,878	37,688	39,523	58,569	59,646	360,165	111,742	62,786	197,168	731,861
Other program expenses	11,518	-	68,025	43	1,505	-	81,091	19,987	5,816	803	107,697
Office expenses	67,004	921	18,094	341	26,299	4,778	117,437	102,772	6,595	60,677	287,481
Subscriptions and dues	8,352	1,288	299	121	1,523	-	11,583	14,356	2,266	-	28,205
Interest	-	-	-	-	-	-	-	164	-	-	164
Depreciation	3,455,219	-	-	-	-	-	3,455,219	143,967	-	-	3,599,186
	<u>\$ 8,046,092</u>	<u>\$ 89,893</u>	<u>\$ 708,758</u>	<u>\$ 474,650</u>	<u>\$ 784,282</u>	<u>\$ 767,615</u>	<u>\$ 10,871,290</u>	<u>\$ 1,742,745</u>	<u>\$ 551,565</u>	<u>\$ 631,405</u>	<u>\$ 13,797,005</u>

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

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services						Total	Management and General	Fundraising	Marketing	Total
	Collections	Exhibitions	Programs	Education	Visitor Services	Auxiliary					
Personnel	\$ 1,781,534	\$ 74,507	\$ 403,410	\$ 544,682	\$ 528,307	\$ 716,752	\$ 4,049,192	\$ 841,996	\$ 491,137	\$ 300,031	\$ 5,682,356
Occupancy	2,074,010	-	4,091	-	388,742	43,099	2,509,942	34,989	341	-	2,545,272
Exhibitions and collections	646,884	196,126	1,768	-	-	-	844,778	-	1,227	-	846,005
Advertising	67,737	250	25,000	-	-	2,279	95,266	-	-	36,946	132,212
Professional services	131,651	928	15,925	-	3,875	5,660	158,039	162,609	-	422	321,070
Travel	3,957	566	2,033	1,475	301	-	8,332	372	890	1,710	11,304
Information technology	197,069	9,556	28,431	38,387	71,321	54,470	399,234	115,225	58,984	121,347	694,790
Other program expenses	22,079	855	211,822	3,034	1,577	285	239,652	2,266	6,919	27,054	275,891
Office expenses	130,975	10,378	24,360	456	22,038	25,322	213,529	169,232	21,578	73,065	477,404
Subscriptions and dues	7,966	407	-	82	2,343	150	10,948	20,018	1,616	507	33,089
Interest	-	-	-	-	-	-	-	1,357	-	-	1,357
Depreciation	3,281,329	-	-	-	-	-	3,281,329	136,722	-	-	3,418,051
	<u>\$ 8,345,191</u>	<u>\$ 293,573</u>	<u>\$ 716,840</u>	<u>\$ 588,116</u>	<u>\$ 1,018,504</u>	<u>\$ 848,017</u>	<u>\$ 11,810,241</u>	<u>\$ 1,484,786</u>	<u>\$ 582,692</u>	<u>\$ 561,082</u>	<u>\$ 14,438,801</u>

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

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 37,947,003	\$ (5,754,206)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,599,187	3,418,051
Capital campaign contributions	(1,478,432)	(2,000,000)
Gain on disposal of property and equipment	(16,500,000)	-
Contribution into endowment	(2,000,000)	-
Bad debt credit	(1,546)	9,098
Changes in pledge present value discount	(62,325)	(70,707)
Net realized and unrealized (gains) losses on investments	(19,840,724)	4,081,815
Change in irrevocable charitable remainder trust	(1,125,835)	10,563
Change in irrevocable beneficial interest trusts	(1,857,974)	531,611
Changes in operating assets and liabilities:		
Pledges receivable	1,466,454	(82,688)
Other receivables	(15,351)	65,517
Merchandise inventory	66,332	(8,186)
Prepaid expenses	79,467	(116,885)
Accounts payable and accrued expenses	191,991	(150,660)
Deferred membership dues and customer deposits	<u>226,546</u>	<u>174,466</u>
Net cash provided by operating activities	<u>694,793</u>	<u>107,789</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(2,120,599)	(3,124,275)
Proceeds from sale of property	2,000,000	-
Proceeds from sales of investments	3,809,054	3,503,619
Purchases of investments	<u>(5,903,550)</u>	<u>(2,086,711)</u>
Net cash required by investing activities	<u>(2,215,095)</u>	<u>(1,707,367)</u>
Cash flows from financing activities:		
Proceeds from capital contributions	1,478,432	2,000,000
Proceeds from endowment contributions	<u>2,000,000</u>	<u>-</u>
Net cash provided by financing activities	<u>3,478,432</u>	<u>2,000,000</u>

(Continued)

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

**ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
(Continued)		
Change in cash and cash equivalents	1,958,130	400,422
Cash and cash equivalents at beginning of year	<u>6,041,057</u>	<u>5,640,635</u>
Cash and cash equivalents at end of year	<u>\$ 7,999,187</u>	<u>\$ 6,041,057</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest	<u>\$ 164</u>	<u>\$ 1,357</u>
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Non-Cash Investing Activity:

During the year ending June 30, 2021, the Organization sold property and equipment for \$17,000,000. As part of the sale, the Organization issued a note receivable in the amount of \$15,000,000.

At June 30, 2020, accounts payable and accrued expenses included \$82,692 of construction payables related to ongoing construction in progress.

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

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Atlanta Historical Society, Inc. (the “Society”) mission is to connect people, history, and culture through its collections, facilities, programs, exhibitions, and publications, and research facility.

The Atlanta History Center is a 33-acre in-town experience featuring award-winning exhibitions in the Atlanta History Museum, four historic houses, archives/special libraries in the Kenan Research Center, 22 acres of gardens, interactive activities, museum theatre, Cyclorama and a variety of year-round adult and family programs.

MMH/AHS, LLC (the “Subsidiary”) also operates the Margaret Mitchell House, located at Atlanta History Center’s Midtown campus, approximately 5 miles from the Atlanta History Center Buckhead campus. The building is a turn-of-the-century, three-story, Tudor Revival building and is listed on the National Register of Historic Places. The Margaret Mitchell House features the apartment where Margaret Mitchell wrote *Gone With the Wind*, and showcases two permanent exhibitions – The Making of a Film Legend: *Gone With the Wind* and Margaret Mitchell: A Passion for Character, the Margaret Mitchell House gift shop, and temporary exhibitions. The Margaret Mitchell House presents a variety of lectures and book signings with award-winning authors, creative youth writing classes, and community events throughout the year.

Admission and program service fees are received for certain of these activities. Auxiliary operations maintained by the Society include a museum shop and facility rentals. Additional sources of revenue include contributions and grants from governmental agencies and private donors and membership dues from Society members.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Society and its wholly owned Subsidiary. All significant inter-organization accounts and transactions have been eliminated in consolidation. The Society and the Subsidiary are together referred to herein as the “Organization.”

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards

Effective June 1, 2020, the Organization adopted ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*, which simplifies fair value measurement disclosures through the removal and modification of a number of investment related disclosure requirements. Certain disclosures are no longer required including amount of and reasons for transfers between Levels 1 and 2; policy for timing of transfers between levels and valuation processes for Level 3 investments. The adoption of the ASU did not have a material impact on the Organization's financial statement disclosures.

Effective June 1, 2020, the Organization adopted ASU 2019-03, *Not-for-Profit Entities Updating the Definition of Collections (Topic 958)*. This ASU updates the FASB's definition of the term 'collections' to realign it with the definition used in the American Alliance of Museums' ("AAM") Code of Ethics for Museums. The updated definition permits the proceeds from deaccessioned collections items to be used not only for the acquisition of new collection items, but also for the direct care of the collection. The definition requires that an entity holding a collection disclose its policy for the use of proceeds from deaccessioned collection items, and that if such an entity has a policy that allows proceeds from deaccessioned items to be used for direct care of the collection, it should disclose its definition of direct care.

Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. The assets, liabilities and net assets of the Organization are reported in two self-balancing categories as follows:

- Net assets without donor restrictions are resources that are not subject to donor-imposed stipulations. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.
- Net assets with donor restrictions are resources that are subject to donor-imposed stipulations. Some donor-imposed stipulations 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 stipulations are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund

FASB requires the following consolidated financial statement disclosure for the Organization for the years ended June 30, 2021 and 2020.

- Classification of net assets

Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All funds added to investment accounts which do not have any donor restrictions are treated as a quasi-endowment. The quasi-endowment follows the Organization's spending policy and are used to provide operating support.

- Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in the State of Georgia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

- Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Organization, the endowment assets are invested in a manner to attain an average annual real total return, net of investment management fees, of at least 5% over the long term. The annual real return should equal or exceed the spending rate indicated in the Organization's spending policy described below. Actual returns in any given year may vary from this amount.

**ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

- Spending Policy

The Organization has a spending policy approved by the Organization's Board of Trustees that is designed to ensure that the real value of both the funds and of the spending stream is maintained over time. To this end, the Organization will target annual spending equal to or less than 5% of the trailing thirty-six-month average market value, calculated per the calculation date of March 31st.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 43,469,097	\$ 30,556,874	\$ 74,025,971
Collection of cash contributions	145,907	219,540	365,447
Net investment return	(1,456,594)	(813,526)	(2,270,120)
Used in operations	<u>(2,306,077)</u>	<u>(1,287,973)</u>	<u>(3,594,050)</u>
Endowment net assets, June 30, 2020	39,852,333	28,674,915	68,527,248
Collection of cash contributions	1,026,960	3,422,089	4,449,049
Net investment return	13,357,624	7,937,601	21,295,225
Used in operations	<u>(2,389,264)</u>	<u>(1,419,790)</u>	<u>(3,809,054)</u>
Endowment net assets, June 30, 2021	<u>\$ 51,847,653</u>	<u>\$ 38,614,815</u>	<u>\$ 90,462,468</u>

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor requires the Organization to retain as a fund of perpetual duration. At June 30, 2021, no deficiencies of this nature exist. At June 30, 2020, deficiencies of this nature exist in three donors' restricted endowments which has an original gift value of \$7,712,697, and a current fair value of \$7,063,841 and a deficiency of \$648,856 and is reported in net assets with donor restrictions.

Risks and Uncertainties

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and pledges receivable. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk.

The Organization has experienced a disruption of normal business operations caused from COVID-19. The overall financial impact cannot be determined through the date of this report, however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the consolidated financial statements.

Note Receivable

In November 2020, the Organization sold property to a third party for a total of \$17,000,000. In conjunction with this sale, the Organization issued a note receivable to the third party for \$15,000,000. This note receivable bears interest at 2.00% per annum, with an annual escalation of 0.25% until the interest rate reaches 3.00%, where it will remain until maturity. Unpaid principal and accrued interest are payable in full at the earlier of November 16, 2027, or the date in which the third party commences demolition on the existing property.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are carried at fair value. The investment return of the Organization includes interest and dividends and realized and unrealized gains and losses. Investment income (interest and dividends) and gains and losses on investments carried at fair value are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted for purpose or restricted by explicit donor stipulations or by law. Income is recognized from interest and dividends as earned. The Organization maintains master investment accounts for its endowment net assets. Investment income and gains and losses are allocated annually to the individual net assets based on the relationship of the fair value of each fund to the total fair value of the master investment accounts, as adjusted for additions to or deductions from the individual net assets.

Fair Values Measured on Recurring Basis

The FASB issued a pronouncement on fair value measurement defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements.

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Basis of Fair Value Measurement

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Total assets at fair value classified within Level 3 were \$15,954,619 and \$12,970,810, as of June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, Level 3 assets consist of irrevocable beneficial interest trusts and an irrevocable charitable remainder trust. Such amounts were approximately 9% of total assets as of June 30, 2021 and 2020.

**ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Fair Value Measurement (Continued)

The table below represents fair value measurement hierarchy of the Organization's assets at fair value as of June 30:

	2021				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV (*)</u>
Temporary cash	\$ 351,359	\$ 351,359	\$ -	\$ -	\$ -
Common stocks - domestic	31,970,535	31,970,535	-	-	-
Fixed income mutual fund	16,473,877	16,473,877	-	-	-
Mutual fund	7,343,432	7,343,432	-	-	-
Alternative investments	34,323,265	-	-	-	34,323,265
Total investments	<u>90,462,468</u>	<u>56,139,203</u>	-	-	<u>34,323,265</u>
Irrevocable beneficial interest trusts	9,690,274	-	-	9,690,274	-
Irrevocable charitable remainder trust	6,264,345	-	-	6,264,345	-
	<u>\$ 106,417,087</u>	<u>\$ 56,139,203</u>	<u>\$ -</u>	<u>\$ 15,954,619</u>	<u>\$ 34,323,265</u>
	2020				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV (*)</u>
Temporary cash	\$ 466,998	\$ 466,998	\$ -	\$ -	\$ -
Common stocks - domestic	22,668,869	22,668,869	-	-	-
Fixed income mutual fund	12,891,517	12,891,517	-	-	-
Mutual fund	5,922,184	5,922,184	-	-	-
Alternative investments	26,577,680	-	-	-	26,577,680
Total investments	<u>68,527,248</u>	<u>41,949,568</u>	-	-	<u>26,577,680</u>
Irrevocable beneficial interest trusts	7,832,300	-	-	7,832,300	-
Irrevocable charitable remainder trust	5,138,510	-	-	5,138,510	-
	<u>\$ 81,498,058</u>	<u>\$ 41,949,568</u>	<u>\$ -</u>	<u>\$ 12,970,810</u>	<u>\$ 26,577,680</u>

Fair values for investments are determined by reference to quoted market prices, market transactions and other relevant information.

(*) Certain investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

**ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 3 Measurements

Beneficial Interest in Perpetual Trusts and Charitable Remainder Trust

Fair value for the irrevocable beneficial interests in perpetual trusts and irrevocable charitable remainder trust are measured using the fair value of the assets held in the trust as reported by the respective trustees as of June 30, 2021 and 2020. The Organization considers the measurement of its beneficial interest in these trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustees, the Organization does not have the ability to direct the trustees to value or redeem them.

Investments Measured at NAV per Share or Equivalent

The significant unobservable inputs used in the fair value measurement of the Organization's alternative investments are subject to market risks resulting from changes in the market value of its investments. Investments measured at NAV per share or equivalent may be sold at amounts different than the NAV per share due to various restriction and redemptive requirements as described below.

Category		Fair Value at June 30, 2021	Fair Value at June 30, 2020	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commingled funds	(a)	\$ 3,067,500	\$ 1,984,823	Any time after first year	30 days
Emerging markets	(b)	4,004,245	2,884,022	Monthly	None
International equities	(c)	17,823,080	13,324,133	Monthly	None
Private equity funds	(d)	<u>9,428,440</u>	<u>8,384,702</u>	Quarterly	45 days
		<u>\$ 34,323,265</u>	<u>\$ 26,577,680</u>		

- (a) This class of investments consists of a number of commingled funds investing in U.S. and International equities, derivatives and limited partnerships.
- (b) This class of investments consists of an investment in a fund of funds which invests in a diversified portfolio of international equities.
- (c) This class of investments consists of one fund where the investment strategy is to achieve long-term capital appreciation from investing in a portfolio of equity securities issued by companies listed in or whose primary business operations are located in emerging markets.
- (d) This class of investments includes an investment which the objective is to seek capital appreciation through investing in certain private investment funds. The investments are a mix of different sectors and markets.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Merchandise Inventory

Merchandise inventory represents inventory in the museum store; such inventory is valued at the lower of cost or market, with cost determined using the specific identification method.

Property and Equipment

Property and equipment acquired or constructed with donor restricted net assets are transferred to net assets without donor restrictions in the year the assets are placed in service. Purchased property and equipment is carried at cost. Costs associated with constructed property, primarily construction costs and related labor costs, are included in construction in process until the property is placed in service. Donated property and equipment are recorded at estimated fair value as of the date received.

Costs associated with permanent exhibitions, including design, development, procurement and construction costs, are capitalized. Such costs do not include additions to collections. The Organization expenses the costs associated with nonpermanent exhibits the first time the exhibit is shown on public display. Nonpermanent exhibit costs incurred prior to public display are included in other assets.

Property and equipment are depreciated over their estimated useful lives using the straight-line method.

Impairment

Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators of impairment are present, the Organization evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were impaired as of June 30, 2021 and 2020.

Historical Collections

The Organization's historical buildings and collections are essential in enabling the Organization to fulfill its mission and purpose. The Organization's collections are made up of artifacts of historical significance and art objects that are held for educational, research and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are regularly performed.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Historical Collections (Continued)

The Organization carries its historical buildings and collections at no value. The cost of purchased historical buildings or collections is reported as an expense. Contributed historical buildings or collections are not valued. During 2021 and 2020, approximately \$107,000 and \$527,000, respectively, was charged to the Organization for the purchase of historical collections.

Betterments and improvements to historical buildings are capitalized and carried at cost. Except for betterments and improvements to historical buildings, expenditures for restoration, stabilization and reconstruction are charged to expense when incurred.

Recognition of Revenue

Contributions and grants - Contributions and grants (including unconditional promises to give, i.e., pledges) are recognized as revenue in the year they are received or pledged, with allowances provided by pledges estimated to be uncollectible. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts on unconditional pledges is included in contributions in the accompanying consolidated statement of activities and changes in net assets. 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 met. If release of the restrictions occurs at the same time as meeting conditional grants, the Organization records the contribution as without donor restriction.

The Organization recognizes contributions and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and presented in the accompanying consolidated statement of activities and changes in net assets as net assets released from restrictions.

The Organization recognizes contributions of property and equipment as without donor restricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used and contributions of cash and other assets that must be used to acquire long-term assets are recognized as with donor restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Organization reports expirations of donor-imposed restrictions when the donated or acquired long-term assets are placed in service.

Admissions - Admissions revenue is associated with tickets sold for entry to the Organization. Admissions revenue ticket price is based upon established levels for individuals and groups. The Organization primarily recognizes revenue for admissions at point of sale.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Revenue (Continued)

Membership dues – Membership dues pertaining to all membership categories are recognized as revenue ratably over the term of the membership period, up to 12 months. Amounts not yet earned by the end of fiscal year are reported as deferred dues.

Merchandise sales - Revenue related to merchandise sales activities is primarily recognized at point of sale as the merchandise has been provided in full by the Organization.

Rental income and program service fees – These revenues are generated from venue rental, educational classes, and other items. The revenue from these activities are recognized at a point in time once performance obligations are satisfied. Amounts not earned by the end of the fiscal year are reported as customer deposits.

Split Interest Agreements

The Organization is the beneficiary of certain irrevocable beneficial interest trusts held and administered by third parties. When the trusts were established, the Organization recorded an asset and contribution revenue, in the appropriate class of net assets, at either fair value of the trusts, if known, or the present value of the estimated future cash receipts from the trusts. The carrying value of the assets is adjusted annually for changes in fair value of the trusts or changes in the estimates of future receipts. Distributions associated with such trusts are recognized as investment income when earned.

The Organization is also the beneficiary of an irrevocable charitable remainder trust. The agreement has been established by a donor whereby the Organization will receive the fair value of trust assets upon the termination of the trusts. Trust assets are maintained by third-party trustees. At June 30, 2021 and 2020, the trust is recorded at the present value of the estimated future benefit to be received, which totaled \$6,264,345 and \$5,138,510, respectively. The trust is reported in net assets with donor restrictions on the accompanying consolidated statement of financial position. Significant assumptions used in valuing these trusts are the discount rate of 6% and life expectancy of donors under IRS Publication 1457.

Donated Goods and Services

Donated goods, such as materials, equipment or other assets, are reported as contributions at their estimated fair values at the date of donation. Donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded as contributions at their estimated fair values in the period the services are performed. These services were not material to the consolidated financial statements for the years ended June 30, 2021 or 2020.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation which are allocated on a square footage basis, as well as certain salaries and wages, benefits, payroll taxes, office expenses, information technology, and occupancy which are allocated on the basis of estimates of time and effort.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled approximately \$72,000 and \$132,000 for the years ended June 30, 2021 and 2020, respectively.

Concentrations

During 2021 and 2020, 71% and 46%, respectively, of the Organization's net contributions and grants were received from three donors and one donor, respectively. At June 30, 2021 and 2020, 68% and 50%, of the Organization's net pledges receivable were due from two donors and one donor, respectively. In general, the Organization does not find itself dependent upon any one donor.

Income Tax Status

The Subsidiary is treated as a partnership for federal and state income tax purposes. Since the Society is the sole member of the Subsidiary, all income, losses and tax credits from the Subsidiary's activities are reported on the Society's income tax returns.

The Society qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501 (c) (3). Income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In the opinion of management, the Society had no significant taxable unrelated business income during 2021 or 2020. Additionally, in the opinion of management, the activities of the Subsidiary are not subject to unrelated business taxable income. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying consolidated financial statements.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for the years ending before June 30, 2018.

**ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The Organization prepares its consolidated financial statements in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the consolidated financial statements were available to be issued.

NOTE 2 - INVESTMENTS

The components of investment income for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Investment income, including income from beneficial interest trusts	\$ 1,987,681	\$ 2,175,571
Net realized and unrealized gains (losses) on investments	<u>19,840,725</u>	<u>(4,081,815)</u>
	<u><u>\$ 21,828,406</u></u>	<u><u>\$ (1,906,244)</u></u>

The investment income for fiscal years 2021 and 2020 is included in without donor restricted and with donor restricted investment income in the accompanying consolidated statement of activities and changes in net assets. Such investment income also includes interest income, primarily associated with cash and cash equivalents.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 - PLEDGES RECEIVABLE

At June 30, pledges receivable were as follows:

	<u>2021</u>	<u>2020</u>
Capital improvements	\$ 1,943,179	\$ 2,200,891
Other	<u>627,147</u>	<u>1,824,343</u>
	2,570,326	4,025,234
Less allowance for doubtful accounts	(10,000)	-
Less discount for present value	<u>(85,345)</u>	<u>(147,670)</u>
	<u>\$ 2,474,981</u>	<u>\$ 3,877,564</u>

The estimated future cash flows are as follows for years ending June 30:

2022	\$ 1,574,435
2023	500,000
2024	<u>495,891</u>
	<u>\$ 2,570,326</u>

At June 30, 2021 and 2020, pledges receivable were discounted to their present values using an interest rate of 3%.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>Life</u> <u>(in Years)</u>	<u>2021</u>	<u>2020</u>
Land		\$ 3,130,565	\$ 3,630,565
Buildings and improvements	15 – 40	58,710,505	57,785,086
Grounds improvements	15	5,423,301	5,082,541
Furnishings and fixtures	10	1,238,867	358,850
Office furniture and equipment	7	187,969	187,969
Computers and equipment	5 – 10	1,385,451	1,218,197
Other equipment	5 – 10	1,476,595	1,476,595
Permanent exhibitions	5 – 10	18,672,692	17,428,267
Construction in progress		<u>422,243</u>	<u>2,702,939</u>
		90,648,188	89,871,009
Less accumulated depreciation		<u>(36,383,086)</u>	<u>(33,627,319)</u>
		<u>\$ 54,265,102</u>	<u>\$ 56,243,690</u>

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 - FINANCING AGREEMENTS

The Organization has two line of credit agreements with a financial institution in the amounts of \$800,000 and \$500,000. The agreements carry interest at the Prime Rate minus 1.00%, (an effective rate of 2.25% at June 30, 2021) and are secured by certain investments of the Organization. The agreements expire on March 25, 2022. There were no outstanding borrowings at June 30, 2021 and 2020.

The Organization has a non-revolving borrowing loan with a financial institution in the amount of \$3,200,000. The loan matures on August 26, 2024 and accrues interest at LIBOR plus 1.30%. The loan is secured by certain investments of the Organization. There were no outstanding borrowings at June 30, 2021 and 2020.

The Organization is subject to certain financial and non-financial covenants on all of its agreements. The Organization was in compliance with these covenants for the years ended June 30, 2021 and 2020.

NOTE 6 - CONTRACT LIABILITIES

The following table provides details of the Organization's contract liabilities at June 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contract Liabilities - Unearned Income:			
Customer deposits	\$ 1,363,074	\$ 1,061,321	\$ 843,723
Deferred membership dues	174,031	249,238	292,370
	<u>\$ 1,537,105</u>	<u>\$ 1,310,559</u>	<u>\$ 1,136,093</u>

**ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2021 and 2020, net assets with donor restrictions are restricted for the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Capital improvements	\$ 5,100,329	\$ 8,491,940
Exhibits, research projects and special program	<u>2,823,770</u>	<u>1,802,289</u>
	<u>7,924,099</u>	<u>10,294,229</u>
Subject to the passage of time:		
Irrevocable charitable remainder trust	<u>6,264,345</u>	<u>5,138,510</u>
Subject to spending policy and appropriation:		
Investment in perpetuity (including accumulated amounts above original gift amount of \$19,861,734 and 17,861,734 in 2021 and 2020, respectively, which once appropriated, is expendable to support):		
General operating purposes	12,785,440	11,241,087
Capital improvements	<u>25,829,375</u>	<u>17,433,828</u>
	<u>38,614,815</u>	<u>28,674,915</u>
Not subject to spending policy or appropriation:		
Irrevocable beneficial interest trust	<u>9,690,274</u>	<u>7,832,300</u>
Total net assets with donor restrictions	<u>\$ 62,493,533</u>	<u>\$ 51,939,954</u>

Net assets were released from donor restrictions during fiscal 2021 and 2020 by incurring expenses satisfying the purpose specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Capital improvements	\$ 3,765,425	\$ 2,643,742
Exhibits, research projects and special programs	<u>1,579,121</u>	<u>1,100,311</u>
	<u>\$ 5,344,546</u>	<u>\$ 3,744,053</u>

NOTE 8 - RETIREMENT PLANS

The Organization has a contributory defined contribution retirement plan covering all full-time employees. The Organization contributes to the plan a sum equivalent to 2% of each eligible employee's salary. All such contributions are fully vested in each participant's account when made. During 2021 and 2020, employer contributions totaled approximately \$62,000 and \$84,000, respectively.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 - RENTAL INCOME

The Organization has four agreements to lease commercial space. The lease agreement terms range from 5 to 10 years with various monthly rental rates which escalate annually. One of the leases has a tenant improvement allowance of \$200,000, which is to be deducted from the base rent over the lease term. Future minimum rental income under the operating leases for years ending June 30 is as follows:

2022	\$	243,120
2023		229,736
2024		230,463
2025		225,257
2026		110,510
	<u>\$</u>	<u>1,039,086</u>

NOTE 10 - LIQUIDITY

Financial assets available for general expenditure, that is without donor or other restrictions limited their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,999,187	\$ 6,041,057
Investments	90,462,468	68,527,248
Pledges	2,474,981	3,877,564
Other receivables	<u>61,303</u>	<u>45,952</u>
	100,997,939	78,491,821
Less endowment distributions not appropriated for the following year	(86,788,607)	(64,871,987)
Less other restricted funds	<u>(7,924,099)</u>	<u>(10,294,229)</u>
	<u>\$ 6,285,233</u>	<u>\$ 3,325,605</u>

As part of the Organization's liquidity management, it has implemented a practice to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has committed lines of credit, as mentioned in Note 5. Additionally, the Organization has a quasi-endowment of approximately \$39,800,000 which is the portion of the endowment without donor restrictions. Although the Organization does not intend to spend from its quasi-endowment, other than amounts appropriated for general expenditure as permitted under the Organization's spending policy as described in Note 1, amounts from its quasi-endowment could be made available if necessary.

ATLANTA HISTORICAL SOCIETY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 - PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, the Organization obtained a Small Business Administration (“SBA”) loan under the Paycheck Protection Program (“PPP”) totaling \$1,108,973. The PPP loan bears interest at 1% and beginning in December 2020, requires monthly payments of principal and interest through May 2022, at which time the outstanding balance is due in full. During fiscal year 2021 the Organization applied with its lending institution for the PPP loan proceeds to be forgiven and recognized the proceeds as revenue as the funds were used as of June 30, 2020 to cover certain payroll and other expenses as defined by the CARES Act and the PPPFA. The Organization was notified in fiscal year 2021 that the SBA approved its application for complete loan forgiveness.

In March 2021, the Organization obtained a second SBA loan under the PPP in the amount of \$1,109,088. The PPP loan bears interest at 1% and may require repayment under certain circumstances. Under the terms of the Coronavirus Aid, Relief, and Economic Securities Act (the Cares Act”), the Organization may apply for PPP loan proceeds used within a specific time period to be forgiven with the lending institution, provided the proceeds are used to cover certain payroll and other expenses as defined by the Cares Act. Initial repayments of the loan amount are deferred until the date the SBA remits the loan forgiveness funds to the lending institution, or until 10 months after the end of the forgiveness coverage period if the Organization does not apply for forgiveness. The Organization is treating the loan as a conditional grant under ASU 2018-08 and recorded the entire PPP loan amount as revenue as the Organization utilized the funds for eligible expenses during 2021.