

NATIONAL SPACE SOCIETY

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Space Society
Washington, D.C.

Opinion

We have audited the accompanying financial statements of National Space Society, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Space Society as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Space Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, National Space Society adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all subsequently issued clarifying ASUs as of January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Space Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Space Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Space Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Wegner CPAs, LLP
Alexandria, Virginia
November 7, 2023

NATIONAL SPACE SOCIETY
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 122,974	\$ 139,640
Accounts receivable	123,989	79,040
Prepaid expenses	<u>19,630</u>	<u>21,819</u>
Total current assets	266,593	240,499
OTHER ASSETS		
Operating lease right-of-use asset	62,057	-
Investments	<u>2,119,798</u>	<u>2,911,905</u>
Total assets	<u><u>\$ 2,448,448</u></u>	<u><u>\$ 3,152,404</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 66,918	\$ 19,700
Deferred revenue	34,453	39,669
Due to chapters	12,845	12,845
Current portion of operating lease liability	<u>23,132</u>	<u>-</u>
Total current liabilities	137,348	72,214
LONG-TERM LIABILITIES		
Operating lease liability less current portion	<u>39,074</u>	<u>-</u>
Total liabilities	176,422	72,214
NET ASSETS		
Without donor restrictions	<u>2,272,026</u>	<u>3,080,190</u>
Total liabilities and net assets	<u><u>\$ 2,448,448</u></u>	<u><u>\$ 3,152,404</u></u>

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions		
Membership dues	\$ 351,010	\$ 441,705
Contributions	210,053	1,187,666
Bequests	-	54,200
Projects	230,295	131,177
Program service revenue		
Conference revenue	97,971	38,734
List rental, advertising, and royalties	160,513	43,285
Investment return, net	(455,841)	324,819
Miscellaneous revenue	6,340	4,657
	<u>600,341</u>	<u>2,226,243</u>
EXPENSES		
Program services		
Education and Communication	813,259	520,137
Policy and Research	343,621	235,363
Supporting activities		
Management and General	187,408	72,897
Fundraising	64,217	34,730
	<u>1,408,505</u>	<u>863,127</u>
Total expenses	1,408,505	863,127
Satisfaction of purpose restrictions	-	25,000
Changes in net assets without donor restrictions	(808,164)	1,388,116
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Net assets released from restrictions	-	(25,000)
Change in net assets	(808,164)	1,363,116
Net assets at beginning of year	<u>3,080,190</u>	<u>1,717,074</u>
Net assets at end of year	<u>\$ 2,272,026</u>	<u>\$ 3,080,190</u>

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	<u>Program Services</u>		<u>Supporting Activities</u>		<u>Total Expenses</u>
	<u>Education and Communication</u>	<u>Policy and Research</u>	<u>Management and General</u>	<u>Fundraising</u>	
Professional fees	\$ 164,848	\$ 94,627	\$ 125,399	\$ 38,017	\$ 422,891
Office expenses	2,038	679	8,079	-	10,796
Conferences and meetings	291,317	97,777	-	-	389,094
Insurance	-	-	3,377	-	3,377
Occupancy	11,482	-	15,756	-	27,238
Advertising	28,534	-	-	-	28,534
Information technology	51,023	18,332	6,982	3,806	80,143
Travel	21,936	2,437	-	-	24,373
Miscellaneous	44,125	1,510	3,712	-	49,347
Grants and assistance	4,041	-	-	-	4,041
Postage and delivery	57,693	30,088	6,960	10,957	105,698
Printing and copying services	37,439	37,439	-	1,529	76,407
Projects	60,274	60,274	-	-	120,548
Mailing services	607	458	-	1,138	2,203
Licenses	5,128	-	-	5,129	10,257
Design and layout	32,774	-	-	3,641	36,415
Credit card and bank fees	-	-	17,143	-	17,143
Total expenses	<u>\$ 813,259</u>	<u>\$ 343,621</u>	<u>\$ 187,408</u>	<u>\$ 64,217</u>	<u>\$ 1,408,505</u>

See accompanying notes.

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

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

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (808,164)	\$ 1,363,116
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	-	5,000
Amortization of operating lease right-of-use asset	8,326	-
Net realized and unrealized (gain) loss on investments	534,009	(305,860)
(Increase) decrease in assets		
Accounts receivable	(44,949)	(35,458)
Unconditional promise to give	-	25,000
Prepaid expenses	2,189	(10,750)
Increase (decrease) in liabilities		
Accounts payable	47,218	(59,992)
Deferred revenue	(5,216)	(24,307)
Operating lease liability	(8,177)	-
Net cash flows from operating activities	(274,764)	956,749
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	361,421	1,075,213
Purchases of and interest and dividends retained in investments	(103,323)	(2,018,959)
Net cash flow from investing activities	258,098	(943,746)
Change in cash	(16,666)	13,003
Cash at beginning of year	139,640	126,637
Cash at end of year	\$ 122,974	\$ 139,640

See accompanying notes.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

National Space Society (Society) is an educational, non-profit membership organization dedicated to the creation of a space faring civilization. The Society was formed under the laws of the District of Columbia on June 12, 1974. The Society's vision is of "people living and working in thriving communities beyond Earth, and the use of the vast resources of space for the dramatic betterment of humanity." To meet this vision, the Society has as its mission statement, "to promote social, economic, technological, and political change in order to expand civilization beyond Earth, to settle space and to use the resulting resources to build a hopeful and prosperous future for humanity. The Society is supported primarily by contributions.

Accounts Receivable

Accounts receivable primarily represent amounts due from customers for sponsorships at meetings and events provided by the Society. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. At December 31, 2022 and 2021, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Investments

The Society carries investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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

Revenue Recognition

The Society's earned revenue consist of Ad Astra magazine subscriptions (included in membership dues), conference revenue, advertising, and royalties.

The Society recognizes the majority of revenue from membership dues at a point in time as they are considered to be contributions as defined by generally accepted accounting principles as there is no tangible exchange of goods or services occurring. A portion of membership dues includes a one-year subscription to the Society's quarterly magazine, Ad Astra. Revenue related to Ad Astra subscriptions is recognized on a quarterly basis when the magazine is issued. Amounts received in advance of the quarterly magazine are deferred until the next quarter's magazine is issued.

Revenues from conference revenue (for example, ticket sales and exhibit booth space), advertising, and royalties is recognized at a point in time or over the period of the event.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include professional fees, information technology, postage and delivery, printing and copying services, and mailing services which are allocated on the basis of estimates of time and effort.

Leases

The Society does not recognize short-term leases in the statements of financial position. For these leases, the Society recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Society also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Society uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Income Tax Status

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from certain activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed in the year incurred.

Adoption of New Accounting Guidance

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, Leases, and creates FASB ASC Topic 842, Leases. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

The Society adopted the requirements of Topic 842 as of January 1, 2022, using the optional transition method that allows the Society to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Society's reporting for the year ended December 31, 2021, is in accordance with the previous guidance in Topic 840.

The Society elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed the Society to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

Date of Management's Review

Management has evaluated subsequent events through November 7, 2023, the date which the financial statements were available to be issued.

NOTE 2—RELATED PARTY

The Society's board of directors contracted with Barnhard Associates, LLC during the year ended December 31, 2021 for information systems consulting services for the Society. The President of Barnhard Associates, LLC was a director of the Society during the year ended December 31, 2021. Payments made to Barnhard Associates, LLC for information systems services for the year ended December 31, 2021 were \$6,500.

NOTE 3—DONOR CONCENTRATION

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

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4—INVESTMENTS

Investments consist of the following:

	2022	2021
Money market funds	\$ 76,352	\$ 92,026
Stock mutual funds	1,268,296	1,774,861
Bond mutual funds	775,150	1,045,018
Investments	\$ 2,119,798	\$ 2,911,905

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

NOTE 5—COMMITMENTS

Management Contract

The Society is operated by a management company under the terms of a one-year agreement that is automatically renewed. Under the provisions of this agreement, the Society is to pay an annual management fee in addition to certain reimbursed expenses. The management fee paid for the years ended December 31, 2022 and 2021, was \$140,656 and \$126,995, respectively.

Hotel Contracts

The Society has entered into agreements to reserve space for future conferences. These agreements indicate that the Society would be liable for certain cancellation fees and liquidated damages in the event of cancellation. If cancellations occur, the Society could be liable for up to approximately \$270,000.

NOTE 6—JOINT COSTS

The Society achieves some of its programmatic goals in direct mail campaigns that include requests for contributions. The costs of conducting those campaigns during the years ending December 31, 2022 and 2021 included a total of \$22,320 and \$15,681, respectively, of joint costs that are not directly attributable to either the program components or the fundraising component of the activities. Those joint costs were allocated as follows:

	2022	2021
Joint programs	\$ 11,160	\$ 13,329
Fundraising	11,160	2,352
Joint costs	\$ 22,320	\$ 15,681

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7—LEASE

In August 2022, the Society entered into a lease for office space in Florida, which expires in July 2025. There are no variable lease components associated with the Society's lease for office space. For the year ended December 31, 2022, lease expense totaled \$10,370.

Other information related to leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	8,177
Right-of-use assets obtained in exchange for new operating lease liabilities		69,609
Weighted-average remaining lease term		
Operating leases		2.58 years
Weighted-average discount rate		
Operating leases		2.82%

The maturities of lease liabilities as of December 31, 2022 are as follows:

Year ending December 31:		
2023	\$	24,531
2024		25,021
2025		<u>14,888</u>
Total minimum lease payments		64,440
Imputed interest		<u>(2,234)</u>
Total lease liabilities	\$	<u><u>62,206</u></u>

Subsequent to year end and effective September 2023, the Society amended its lease agreement to include additional office space, increasing its monthly payments by approximately \$1,500 per month.

NOTE 8—LIQUIDITY AND AVAILABILITY

The following reflects the Society's financial assets available for general expenditure as of the date of the statements of financial position.

	<u>2022</u>	<u>2021</u>
Financial assets at end of year		
Cash	\$ 122,974	\$ 139,640
Accounts receivable	123,989	79,040
Investments	<u>2,119,798</u>	<u>2,911,905</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,366,761</u></u>	<u><u>\$ 3,130,585</u></u>

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.