

**AMERICAN ASSOCIATION FOR
STATE AND LOCAL HISTORY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
American Association for State and Local History

We have audited the accompanying financial statements of American Association for State and Local History, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, operating expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Association for State and Local History as of June 30, 2021 and 2020, 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.

January 5, 2022

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 444,550	\$ 356,242
Restricted cash	<u>229,832</u>	<u>48,096</u>
Total cash and cash equivalents	674,382	404,338
Accounts receivable currently due, net	107,939	48,121
Grant receivable	11,075	6,400
Prepaid expenses and deposits	<u>68,762</u>	<u>84,975</u>
Total current assets	862,158	543,834
Property and equipment, net	5,597	8,117
Investments - substantially restricted	<u>2,315,708</u>	<u>1,865,209</u>
Total assets	<u><u>\$ 3,183,463</u></u>	<u><u>\$ 2,417,160</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 116,631	\$ 54,112
Current portion of note payable	-	45,854
Unearned membership dues	328,419	329,179
Unearned revenue - other	<u>349,493</u>	<u>178,483</u>
Total current liabilities	794,543	607,628
Long-term liabilities:		
Note payable, net of current portion	<u>-</u>	<u>74,146</u>
Total liabilities	<u>794,543</u>	<u>681,774</u>
Net assets:		
Without donor restrictions	108,156	(147,122)
With donor restrictions	<u>2,280,764</u>	<u>1,882,508</u>
Total net assets	<u>2,388,920</u>	<u>1,735,386</u>
Total liabilities and net assets	<u><u>\$ 3,183,463</u></u>	<u><u>\$ 2,417,160</u></u>

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

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership dues	\$ 670,783	\$ -	\$ 670,783
Investment income, net	88,955	395,681	484,636
Grants	437,466	-	437,466
Education and training	170,673	-	170,673
Annual meeting	126,487	-	126,487
Contributions	106,354	2,575	108,929
Advertising	46,432	-	46,432
Royalties	35,387	-	35,387
Sales of publications	3,099	-	3,099
Sales of labels	441	-	441
Total revenues, gains and other support	<u>1,686,077</u>	<u>398,256</u>	<u>2,084,333</u>
Operating expenses:			
Program services:			
Annual meeting	160,316	-	160,316
Education and training	205,335	-	205,335
Periodicals	78,867	-	78,867
Leadership and governance	142,115	-	142,115
Performance measures	31,784	-	31,784
Program development	158,070	-	158,070
Incremental standards	60,779	-	60,779
Total program services	<u>837,266</u>	<u>-</u>	<u>837,266</u>
Supporting services:			
Administration and finance	308,346	-	308,346
Advertising and marketing	160,210	-	160,210
Membership services	96,410	-	96,410
Fundraising	28,567	-	28,567
Total supporting services	<u>593,533</u>	<u>-</u>	<u>593,533</u>
Total operating expenses	<u>1,430,799</u>	<u>-</u>	<u>1,430,799</u>
Change in net assets	255,278	398,256	653,534
Net assets, beginning of year	<u>(147,122)</u>	<u>1,882,508</u>	<u>1,735,386</u>
Net assets, end of year	<u>\$ 108,156</u>	<u>\$ 2,280,764</u>	<u>\$ 2,388,920</u>

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

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Membership dues	\$ 670,373	\$ -	\$ 670,373
Annual meeting	486,214	-	486,214
Grants	257,475	-	257,475
Education and training	219,840	-	219,840
Contributions	100,079	15,925	116,004
Investment income, net	71,207	22,858	94,065
Advertising	53,262	-	53,262
Royalties	42,259	-	42,259
Sales of publications	8,308	-	8,308
Sales of labels	1,101	-	1,101
Total revenues, gains and other support	<u>1,910,118</u>	<u>38,783</u>	<u>1,948,901</u>
Operating expenses:			
Program services:			
Annual meeting	439,934	-	439,934
Education and training	238,695	-	238,695
Periodicals	89,102	-	89,102
Leadership and governance	130,542	-	130,542
Performance measures	65,395	-	65,395
Program development	289,902	-	289,902
Incremental standards	64,995	-	64,995
Total program services	<u>1,318,565</u>	<u>-</u>	<u>1,318,565</u>
Supporting services:			
Administration and finance	342,147	-	342,147
Advertising and marketing	103,469	-	103,469
Membership services	90,632	-	90,632
Fundraising	38,284	-	38,284
Total supporting services	<u>574,532</u>	<u>-</u>	<u>574,532</u>
Total operating expenses	<u>1,893,097</u>	<u>-</u>	<u>1,893,097</u>
Change in net assets	17,021	38,783	55,804
Net assets, beginning of year	<u>(164,143)</u>	<u>1,843,725</u>	<u>1,679,582</u>
Net assets, end of year	<u>\$ (147,122)</u>	<u>\$ 1,882,508</u>	<u>\$ 1,735,386</u>

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

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services							Supporting Services				Total
	Annual Meeting	Education and Training	Periodicals	Leadership and Governance	sham Performance Measures	Program Development	Incremental Standards	Administration and Finance	Advertising and Marketing	Membership Services	Fundraising	
Salaries	\$ 68,487	\$ 78,370	\$ 22,454	\$ 74,723	\$ 17,387	\$ 59,570	\$ 31,251	\$ 91,304	\$ 94,125	\$ 61,155	\$ 11,914	\$ 610,740
Consultants	4,000	63,766	1,324	4,260	-	98,500	500	90,066	-	-	11,313	273,729
Taxes and benefits	16,632	19,032	5,453	18,146	4,223	-	7,589	27,775	22,858	14,851	2,894	139,453
Meeting expenses	53,290	-	-	896	-	-	-	-	-	-	-	54,186
Rent	5,634	6,447	1,847	6,147	1,430	-	2,571	9,408	7,742	5,030	980	47,236
Website services	-	29,659	-	-	-	-	-	-	11,647	-	-	41,306
Design	5,227	-	18,550	-	-	-	12,583	-	1,808	-	-	38,168
Equipment maintenance	-	-	-	-	-	-	-	26,313	10,820	-	-	37,133
Printing	-	-	25,320	-	-	-	2,292	-	-	9,084	-	36,696
Supplies/shipping/postage	3,498	4,003	2,861	3,817	888	-	1,596	8,396	4,808	3,123	609	33,599
Bank and credit card fees	-	-	-	-	-	-	-	30,856	-	-	-	30,856
Professional training	-	-	(106)	29,273	-	-	-	-	-	-	-	29,167
Legal and professional	1,920	2,196	630	2,095	488	-	876	4,218	2,640	1,714	334	17,111
Telephone and internet	1,327	1,518	435	1,447	337	-	605	2,216	1,822	1,185	231	11,123
Equipment lease	-	-	-	-	-	-	-	8,218	-	-	-	8,218
Survey fees	-	-	-	-	6,955	-	-	-	-	-	-	6,955
Insurance	-	-	-	-	-	-	-	3,723	-	-	-	3,723
Travel	-	-	-	983	-	-	779	677	177	-	-	2,616
Depreciation	301	344	99	328	76	-	137	502	413	268	52	2,520
Building maintenance	-	-	-	-	-	-	-	2,080	-	-	-	2,080
Sponsorships and awards	-	-	-	-	-	-	-	1,068	850	-	-	1,918
Miscellaneous	-	-	-	-	-	-	-	1,526	-	-	240	1,766
Advertising	-	-	-	-	-	-	-	-	500	-	-	500
	<u>\$ 160,316</u>	<u>\$ 205,335</u>	<u>\$ 78,867</u>	<u>\$ 142,115</u>	<u>\$ 31,784</u>	<u>\$ 158,070</u>	<u>\$ 60,779</u>	<u>\$ 308,346</u>	<u>\$ 160,210</u>	<u>\$ 96,410</u>	<u>\$ 28,567</u>	<u>\$ 1,430,799</u>

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

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services							Supporting Services				Total
	Annual Meeting	Education and Training	Periodicals	Leadership and Governance	Performance Measures	Program Development	Incremental Standards	Administration and Finance	Advertising and Marketing	Membership Services	Fundraising	
Salaries	\$ 74,912	\$ 100,342	\$ 24,796	\$ 77,871	\$ 14,880	\$ 39,404	\$ 42,407	\$ 65,688	\$ 55,237	\$ 58,906	\$ 25,734	\$ 580,177
Consultants	2,262	58,553	1,395	236	-	232,352	-	72,919	2,078	-	-	369,795
Meeting expenses	279,752	489	-	1,191	510	7,496	-	-	881	-	-	290,319
Taxes and benefits	17,264	23,125	5,715	17,946	3,429	4,424	9,773	19,796	12,730	13,576	5,931	133,709
Bad debt expense	-	-	-	-	-	-	-	69,295	-	-	-	69,295
Supplies/shipping/postage	10,415	2,545	13,863	1,896	362	467	2,630	8,305	1,394	4,251	2,936	49,064
Design	22,610	200	19,850	-	256	-	554	-	1,710	375	-	45,555
Rent	5,703	7,639	1,888	5,929	1,133	1,462	3,230	6,540	4,205	4,485	1,959	44,173
Survey fees	-	-	-	-	43,468	-	-	-	-	-	-	43,468
Software and equipment maintenance	3,425	-	-	-	-	-	-	28,130	8,759	117	-	40,431
Bank and credit card fees	-	-	-	-	-	-	-	39,035	-	-	-	39,035
Website services	-	30,724	-	-	-	-	-	-	6,647	-	-	37,371
Travel	11,634	8,738	-	3,886	499	2,982	3,955	140	2,179	-	-	34,013
Printing	6,163	-	19,865	-	-	208	-	64	1,357	5,525	-	33,182
Legal and professional	2,066	2,767	684	2,148	410	529	1,170	4,359	1,524	1,624	710	17,991
Professional training	-	-	300	15,233	-	-	-	130	550	-	-	16,213
Equipment lease	-	-	-	-	-	-	-	11,928	-	-	-	11,928
Telephone and internet	1,299	1,740	430	3,212	258	333	735	1,489	958	1,021	446	11,921
Insurance	-	-	-	-	-	-	-	8,161	-	-	-	8,161
Depreciation	956	1,280	316	994	190	245	541	1,096	705	752	328	7,403
Building maintenance	-	-	-	-	-	-	-	3,355	-	-	-	3,355
Sponsorships and awards	1,473	-	-	-	-	-	-	90	1,099	-	-	2,662
Advertising	-	553	-	-	-	-	-	-	1,456	-	-	2,009
Miscellaneous	-	-	-	-	-	-	-	1,627	-	-	240	1,867
	<u>\$ 439,934</u>	<u>\$ 238,695</u>	<u>\$ 89,102</u>	<u>\$ 130,542</u>	<u>\$ 65,395</u>	<u>\$ 289,902</u>	<u>\$ 64,995</u>	<u>\$ 342,147</u>	<u>\$ 103,469</u>	<u>\$ 90,632</u>	<u>\$ 38,284</u>	<u>\$ 1,893,097</u>

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

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 653,534	\$ 55,804
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,520	7,403
Bad debt expense	-	69,295
Realized and unrealized gain on investments	(449,508)	(57,845)
Governmental grant recognized from PPP loan forgiveness	(120,000)	-
Decrease (increase) in operating assets:		
Accounts receivable	(59,818)	24,573
Grant receivable	(4,675)	(6,400)
Prepaid expenses and deposits	16,213	120,431
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	62,519	(37,813)
Unearned membership dues	(760)	(16,616)
Unearned revenue - other	171,010	(354,628)
Net cash provided by (used in) operating activities	<u>271,035</u>	<u>(195,796)</u>
Cash flows from investing activities:		
Purchase of equipment	-	(6,996)
Purchase of investments	(89,946)	(34,783)
Proceeds from sale of investments	88,955	76,267
Net cash provided by (used in) investing activities	<u>(991)</u>	<u>34,488</u>
Cash flows from financing activities:		
Proceeds from issuance of note payable	-	120,000
Net cash provided by financing activities	<u>-</u>	<u>120,000</u>
Net increase (decrease) in cash and cash equivalents	270,044	(41,308)
Cash and cash equivalents, beginning of year	<u>404,338</u>	<u>445,646</u>
Cash and cash equivalents, end of year	<u><u>\$ 674,382</u></u>	<u><u>\$ 404,338</u></u>

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

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General and Nature of Activities

American Association for State and Local History (the "Association") was formed in 1940 and incorporated under the laws of the District of Columbia in November, 1944 as a not-for-profit organization. The Association provides leadership and support for its members who preserve and interpret state and local history in order to make the past more meaningful to all Americans. Additionally, the Association provides information and training through publications, annual meetings, seminars, workshops, the development of professional standards and the identification and analysis of issues critical to the field. Consequently, membership consists of individuals and organizations located throughout the United States and abroad.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Association reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Unrealized gains and losses, as well as appreciation or depreciation in the market value, are reflected in the accompanying financial statements.

Property and Equipment

It is the Association's policy to capitalize property and equipment with an original cost over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which are generally five years.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Association has accrued for vacation pay based on the employees' leave balance at the end of the fiscal year. Compensated absences for sick pay and other leave have not been accrued since they do not vest.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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. Unconditional promises to give which are due in future years are recorded at their net realizable value.

Contributions

All contributions are considered to be without donor restriction unless specifically stated by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period the contribution is received, the Association reports the support as net assets without donor restriction.

Donated Services

The fair value of donated volunteer services is not reflected in the accompanying financial statements since it is not practicable to objectively determine the fair value of the service received.

Grants and Government Contracts

Grants and government contract revenues are recognized when earned. Grants receivable represent the difference between amounts earned and amounts received.

Membership Dues and Activities

Membership dues are recognized using the straight-line method over the membership term. Unearned membership dues are shown as a current liability. The membership period is based upon a member's anniversary date.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, including salaries, taxes and benefits, rent, legal and professional fees, depreciation, telephone and internet, and postage, have been allocated among the programs and supporting services based on management's estimates of the percentage of staff time incurred by each program and supporting service.

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Association is not considered a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Association had no unrelated business taxable income during the years ended June 30, 2021 and 2020.

The Association has adopted guidance concerning the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. This guidance must be applied to all existing tax positions upon initial adoption. Adoption of this pronouncement had no impact on the Association's financial statements. The Association has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed. There are no tax penalties or interest reported in the accompanying financial statements. The Association had no uncertain tax positions at June 30, 2021.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Redesignations

When donors amend or clarify intent for applicable contributions reported in a previous fiscal year, revisions are separately reflected as donor designation changes within the statement of activities.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on the results of operations as previously reported.

Events Occurring After Reporting Date

The Association has evaluated events and transactions that occurred after June 30, 2021, through the date of the issued financial statements, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 444,550
Cash restricted for grant agreements and endowments	229,832
Accounts receivable currently due, net	107,939
Other assets appropriated for current use	<u>79,837</u>
	<u>\$ 862,158</u>

The Association has \$862,158 of financial assets available within one year of the statement financial position date consisting of items listed above. Cash and cash equivalents are not subject to donor or contractual restrictions that make them unavailable for general expenditures. Restricted cash is donor restricted for specific programs. The accounts receivable currently due are subject to implied time restrictions but are expected to be collected within one year. As mentioned in Note 16, the Association maintains a donor restricted endowment that is used to support its programs. The spending rate of the endowment is 5% of the rolling three-year average market value of the endowment. In the next 12 months, approximately \$100,117 will be available for general use. As part of the Association'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.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 3 - RESTITUTION PAYMENTS

The Association received monthly restitution payments from a former employee and her spouse. In March 2012, the Association's former finance director and spouse were arrested after a grand jury indicted them on charges of misappropriating approximately \$730,000. During March 2013, the Association was awarded \$26,848 in restitution from former Finance Director Woodward's spouse, due in monthly payments of \$250 until the balance is paid in full. During May 2014, the Association was awarded \$712,976 in restitution from former Finance Director Woodward, due in monthly payments of \$250 until the balance is paid in full. The amount recorded in the financial statements for the receivable due from former Finance Director Woodward has been limited to her life expectancy, which is approximately 30 years.

On September 23, 2020, the State of Tennessee petitioned the Criminal Court for Davidson County, Tennessee to modify/review the restitution that was previously ordered by the court. The court found it reasonable to waive the remaining restitution receivable to the Association from the former employee and her spouse due to their employment potential and individual circumstances. As of June 30, 2020, the Association has accrued an allowance for the fair market value of the restitution receivable. See Note 6 for details regarding the Association's accounts receivable balance.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Association maintains bank accounts at two financial institutions. The balances, at times, may exceed federally insured limits. The Association has not experienced any losses in the accounts. Management believes the Association is not exposed to any significant credit risk related to cash. As of June 30, 2021, the Association had \$153,478 deposited over the FDIC limit in their operating account.

NOTE 5 - RESTRICTED CASH

Restricted cash as of June 30, 2021 and 2020 is summarized as follows:

	2021	2020
Cash restricted for grant agreements	\$ 227,257	\$ 32,171
Cash restricted for endowment	<u>2,575</u>	<u>15,925</u>
	<u><u>\$ 229,832</u></u>	<u><u>\$ 48,096</u></u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021 and 2020 are summarized as follows:

	2021	2020
Restitution receivable	\$ -	\$ 89,848
Other accounts receivable	107,939	56,802
	<u>107,939</u>	<u>146,650</u>
Less discounts to net present value	-	(28,890)
Less allowance for uncollectible accounts	<u>-</u>	<u>(69,639)</u>
	<u><u>\$ 107,939</u></u>	<u><u>\$ 48,121</u></u>

NOTE 7 - INVESTMENTS

Marketable securities are recorded at market value at June 30, 2021 and 2020, as follows:

	2021	2020
Investments - substantially restricted:		
Treasury money market	\$ 205,993	\$ 71,832
Dividend appreciation index investor shares	351,921	261,813
Wellington fund admiral shares	1,488,477	1,355,174
IT investment grade fund shares	5,490	5,360
500 index fund - admiral shares	<u>263,827</u>	<u>171,030</u>
	<u><u>\$ 2,315,708</u></u>	<u><u>\$ 1,865,209</u></u>
Restricted cash:		
Treasury money market	<u><u>\$ 126,086</u></u>	<u><u>\$ 32,171</u></u>

Investment income from these investments for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Realized and unrealized gains on investments	\$ 449,508	\$ 57,907
Dividends and interest	<u>35,128</u>	<u>36,158</u>
	<u><u>\$ 484,636</u></u>	<u><u>\$ 94,065</u></u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 - FAIR VALUE MEASUREMENTS

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with this guidance, the Association groups its financial assets and liabilities generally measured at fair value in a three level valuation hierarchy for disclosure of fair value measurements defined as Level 1 – inputs for quoted market prices for identical assets or liabilities in active markets; Level 2 – inputs include quoted market prices for similar assets and liabilities in active markets and inputs that are observable either directly or indirectly and; Level 3 – inputs that are unobservable and significant to the fair value measurements. At June 30, 2021 and 2020, the Association did not have any assets measured with Level 2 or Level 3 inputs.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Endowment funds:				
Cash and money funds	\$ 205,993	\$ 205,993	\$ -	\$ -
Mutual funds	2,109,715	2,109,715	-	-
Money market funds	126,086	126,086	-	-
Total assets, at fair value	<u>\$ 2,441,794</u>	<u>\$ 2,441,794</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2020				
Endowment funds:				
Cash and money funds	\$ 71,832	\$ 71,832	\$ -	\$ -
Mutual funds	1,793,377	1,793,377	-	-
Money market funds	32,171	32,171	-	-
Total assets, at fair value	<u>\$ 1,897,380</u>	<u>\$ 1,897,380</u>	<u>\$ -</u>	<u>\$ -</u>

The Association does not measure any liabilities at fair value on a recurring basis.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Office furniture and equipment	\$ 30,282	\$ 30,282
Computer equipment	6,996	6,996
Website development	89,850	89,850
	<u>127,128</u>	<u>127,128</u>
Less accumulated depreciation	<u>(121,531)</u>	<u>(119,011)</u>
	<u><u>\$ 5,597</u></u>	<u><u>\$ 8,117</u></u>

Depreciation expense was \$2,520 and \$7,403 for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 - UNEARNED REVENUE – OTHER

Unearned revenue – other consists of the following at June 30, 2021 and 2020:

	2021	2020
History Leadership Institute	\$ 33,707	\$ 74,764
Annual meeting	59,265	45,428
Andrew W. Mellon Foundation Grant	227,257	30,797
Workshop fees	6,790	14,815
Small Museum Scholarships	6,890	7,054
Other	15,585	5,625
	<u><u>\$ 349,494</u></u>	<u><u>\$ 178,483</u></u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 11 - NOTE PAYABLE

The Association has an unsecured note payable with Regions Bank dated May 11, 2021 due in monthly installments of \$6,720, including interest at a fixed rate of 1.00%. Payments are scheduled to begin on November 11, 2021. The note is due in full on May 11, 2022. The balance of the note payable at June 30, 2020 was \$120,000.

The loan from Regions Bank was received under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The Association received forgiveness on the PPP loan on November 4, 2020. The Association has no outstanding debt as of June 30, 2021.

NOTE 12 - RESTRICTIONS ON NET ASSETS

Net assets of the Association, and the nature of any restrictions, are made up of the following at June 30, 2021 and 2020:

	2021	2020
Net assets without donor restrictions:		
Undesignated	\$ 108,156	\$ (147,122)
Net assets with donor restrictions:		
Accumulated investment gains	\$ 740,306	\$ 344,625
Original donor-restricted gift amount and amounts required to be maintained		
perpetuity by donor	1,539,084	1,536,509
Interest earned on restricted cash	1,374	1,374
	<u>\$ 2,280,764</u>	<u>\$ 1,882,508</u>

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 13 - RETIREMENT PLAN

The Association maintains a defined contribution retirement plan. Upon employment, all full-time employees over the age of 21 are eligible to participate in the plan. After one year of employment, the Association will match employee contributions up to 7.5%. The plan offers multiple investment options managed by investment professionals to eligible employees. Total contributions by the Association amounted to \$35,719 and \$41,973 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 - LEASING AND SERVICE ARRANGEMENTS

In the prior year, the Association renewed the lease for office space, originally entered in 2016, for an additional three years. During the term of this lease, the annual rental amount will be \$44,500 payable in monthly installments, increasing by 3% annually. Rent expense for the years ended June 30, 2021 and 2020 totaled \$47,236 and \$44,173, respectively. Such expenses have been reported in various classifications based upon functional use.

The future minimum lease payments for office space are as follows for the year ending June 30:

2022	\$ 47,210
2023	48,626
2024	<u>50,085</u>
	<u><u>\$ 145,921</u></u>

NOTE 15 - COMMITMENTS

Effective April 2019, the Association entered into an agreement for lodging, including food and beverage, for the annual meeting to be held in September 2021. Under the contract, the Association is committed to 1,105 room nights at a rate of \$136 for attendees and \$99 for staff. The Association is also committed to a minimum food and beverage charge of \$60,000. The total anticipated amount of the contract is \$206,714. If the agreement is cancelled prior to the meeting, the Association will be required to pay a cancellation fee equal to a percentage of the committed amounts noted above at a graduated rate based on the number of days prior to the event.

Effective May 2019, the Association entered into an agreement for event space for the annual meeting to be held in September 2021. Per the agreement, total minimum anticipated fees are \$11,625. If the Association cancels the event, any amounts paid by the Association will be non-refundable.

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 15 - COMMITMENTS (CONTINUED)

Effective September 2020, the Association entered agreements for lodging, food and beverage, and event space for the annual meeting to be held in September 2022. Under the contract, the Association is committed to 1,164 guest room nights with an anticipated fee of \$143,597. The Association is also committed to an event space contract, where the usage fee is waived as long as the Association meets eighty percent actualization of the aforementioned guest room nights, and a minimum food and beverage fee of \$47,500 excluding tax and service charges. If the agreement is cancelled prior to the meeting, the Association will be required to pay a cancellation fee equal to a percentage of the committed amounts noted above at a graduated rate based on the number of days prior to the event.

The Association has agreed to provide certain survey services relating to visitors count programs under contracts with various history museums. Such services are generally conducted with another nonprofit organization under a cost/service agreement. Revenue will be recognized as services are performed. Revenue included for the visitors count program for the years ended June 30, 2021 and 2020 amounted to \$8,410 and \$66,875, respectively.

In June 2019, the Association was awarded a grant with a total value of \$479,000 from The Andrew W. Mellon Foundation to be earned over the period of July 1, 2019 to August 31, 2022. The funding provided by this agreement will allow the Association to study the ways Americans understand history and generate successful communication strategies about the importance of history for public audiences. Revenue is recognized as expenses are incurred. As of June 30, 2021, the Association has recognized \$251,743, leaving \$227,257 to be earned.

Regarding the Andrew W. Mellon Foundation grant, the Association entered into an agreement with a subgrantee to provide contract services for research associated to the project. The total amount of the agreement is \$272,000. As of June 30, 2021, \$136,000 has been paid to the subgrantee, with the remaining \$136,000 still due to the subgrantee from the Association as work is performed.

In January 2020, the Association was awarded a grant with a total value of \$150,000 from the National Endowment for the Humanities to support the project "Making America at 250: A Stronger Historical Community for the Semiquincentennial." Revenue is recognized as expenses are incurred. As of June 30, 2021, the Association has recognized \$110,845, leaving \$39,155 to be earned by the Association.

Regarding the National Endowment for the Humanities grant, the Association entered into an agreement with a subgrantee to provide contract services for research and data analysis associated to the project. The total amount of the agreement is \$100,000. As of June 30, 2021, the total amount has been paid for this project.

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 16 - ENDOWMENT

The Association's endowment was established to further its programs. The endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

UPMIFA was enacted in Tennessee effective July 1, 2007. The Association has interpreted UPMIFA as requiring the Association to classify as net assets with donor restrictions a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) to the permanent 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 Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

Endowment net assets composition by type of fund is as follows at June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment fund	<u>\$ -</u>	<u>\$ 2,280,764</u>	<u>\$ 2,280,764</u>

Endowment net assets composition by type of fund is as follows at June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment fund	<u>\$ -</u>	<u>\$ 1,882,508</u>	<u>\$ 1,882,508</u>

AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 16 - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,882,508	\$ 1,882,508
Endowment contributions	-	2,575	2,575
Investment return	88,955	395,681	484,636
Endowment distributions	(88,955)	-	(88,955)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,280,764</u>	<u>\$ 2,280,764</u>

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,843,725	\$ 1,843,725
Endowment contributions	-	15,925	15,925
Investment return	71,145	22,858	94,003
Endowment distributions	(71,145)	-	(71,145)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,882,508</u>	<u>\$ 1,882,508</u>

**AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 16 - ENDOWMENT (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. There were no deficiencies of this nature reported as of June 30, 2021 and 2020.

The Association 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. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide a real total return, net of investment management fees, that is consistent with spending policy requirements. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Association's investment policy is to generally maintain 50% - 80% in equity investments and 15% - 50% in fixed income securities. Short-term securities should represent 0% - 20%.

The Association may authorize a distribution of up to 5% of the market value calculated on a rolling three-year average of market value.

NOTE 17 - SUBSEQUENT EVENTS

The Association approved the launch of a major, multi-year comprehensive fundraising campaign in September 2021 that will begin in early 2022. The Association has already been notified by a donor of \$150,000 to be received by December 31, 2021 for the campaign.