

United States Capitol Historical Society

Financial Report
June 30, 2020

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RSM US LLP

Independent Auditor's Report

Board of Trustees
United States Capitol Historical Society

Report on the Financial Statements

We have audited the accompanying financial statements of the United States Capitol Historical Society (the Society), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Capitol Historical Society as of June 30, 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Society, as of and for the year ended December 31, 2019, were audited by other auditors whose report dated February 9, 2020, expressed an unmodified opinion on those statements.

RSM US LLP

Washington, D.C.
February 9, 2021

United States Capitol Historical Society

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 727,136	\$ 512,320
Investments	2,152,499	2,416,256
Accounts receivable, net	173	68,989
Inventory	398,973	446,820
Prepaid expenses and other assets	53,974	28,918
Property and equipment, net	167,876	192,099
Total assets	\$ 3,500,631	\$ 3,665,402
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 77,505	\$ 92,965
Accrued expenses	159,560	124,134
Deferred revenue	1,382	-
Refundable advances	5,398	-
Deferred rent	-	3,804
Notes payable	433,105	-
Total liabilities	676,950	220,903
Commitments and contingencies (Notes 8 and 9)		
Net assets:		
Without donor restriction	2,351,044	2,792,017
With donor restriction	472,637	652,482
Total net assets	2,823,681	3,444,499
Total liabilities and net assets	\$ 3,500,631	\$ 3,665,402

See notes to financial statements.

United States Capitol Historical Society

**Statements of Activities
Years Ended June 30, 2020 and 2019**

	2020	2019
Activities without donor restriction:		
Revenue:		
Sales of merchandise	\$ 1,166,574	\$ 1,166,876
Less retail operations expenses	(1,053,369)	(1,029,099)
Less obsolete inventory expense	-	(18,707)
Net profit on sales	113,205	119,070
Other revenue:		
Contributions and grants	1,083,687	1,321,834
Investment income	73,394	140,983
Royalties and other revenue	11,135	6,048
Releases from donor restriction	589,401	605,217
Total unrestricted revenue	1,870,822	2,193,152
Expenses:		
Program services:		
Educational events and publications	1,509,958	1,717,855
Membership	135,849	131,401
Total program services	1,645,807	1,849,256
Supporting services:		
General and administrative	357,811	414,280
Fundraising	308,177	377,394
Total supporting services	665,988	791,674
Total expenses	2,311,795	2,640,930
Change in net assets without donor restrictions	(440,973)	(447,778)
Activities with donor restriction:		
Contributions	409,556	622,293
Releases from donor restriction	(589,401)	(605,217)
Change in net assets with donor restriction	(179,845)	17,076
Change in net assets	(620,818)	(430,702)
Net assets:		
Beginning	3,444,499	3,875,201
Ending	\$ 2,823,681	\$ 3,444,499

See notes to financial statements.

United States Capitol Historical Society

**Statements of Functional Expenses
Years Ended June 30, 2020 and 2019**

	2020				
	Educational Events and Publications	Membership	General and Administration	Fundraising	Total
Salaries and benefits	\$ 707,834	\$ 111,631	\$ 159,622	\$ 223,710	\$ 1,202,797
Office operations	83,801	9,883	170,172	27,088	290,944
Portrait expenses	280,732	-	-	-	280,732
Rent and utilities	139,137	11,688	20,587	37,284	208,696
Professional fees	175,851	-	-	8,167	184,018
Other expenses	61,656	2,608	6,819	8,660	79,743
Event expenses	51,695	-	70	2,938	54,703
Publication expenses	6,800	-	-	158	6,958
Travel expenses	2,452	39	541	172	3,204
	\$ 1,509,958	\$ 135,849	\$ 357,811	\$ 308,177	\$ 2,311,795

	2019				
	Educational Events and Publications	Membership	General and Administration	Fundraising	Total
Salaries and benefits	\$ 628,845	\$ 66,322	\$ 255,737	\$ 275,153	\$ 1,226,057
Professional fees	374,252	10,908	77,485	39,770	502,415
Portrait expenses	450,746	-	-	-	450,746
Rent and utilities	120,776	12,418	31,247	35,665	200,106
Office operations	54,789	6,740	44,050	22,873	128,452
Event expenses	34,872	20,848	3,063	102	58,885
Publication expenses	35,266	13,125	591	1,264	50,246
Travel expenses	13,687	-	-	1,013	14,700
Other expenses	4,622	1,040	2,107	1,554	9,323
	\$ 1,717,855	\$ 131,401	\$ 414,280	\$ 377,394	\$ 2,640,930

See notes to financial statements.

United States Capitol Historical Society

Statements of Cash Flow
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (620,818)	\$ (430,702)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	24,223	24,346
Bad debt (recovery) expense	(7,779)	1,134
Net loss (gain) on investments	7,132	(31,980)
Write-off of obsolete inventory	-	18,707
Deferred rent	(3,804)	(3,151)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	76,595	166,516
Inventory	47,847	(42,867)
Prepaid expenses and other assets	(25,056)	(2,433)
Increase (decrease) in:		
Accounts payable	(15,460)	63,175
Accrued expenses	35,426	18,531
Deferred revenue	1,382	-
Refundable advances	5,398	-
Net cash used in operating activities	(474,914)	(218,724)
Cash flows from investing activities:		
Purchases of investments	(521,791)	(286,803)
Proceeds from sale of investments	778,416	373,041
Purchases of property and equipment	-	(7,211)
Net cash provided by investing activities	256,625	79,027
Cash flows from financing activities:		
Proceeds from loans	433,105	-
Net cash provided by financing activities	433,105	-
Net increase (decrease) in cash and cash equivalents	214,816	(139,697)
Cash and cash equivalents:		
Beginning	512,320	652,017
Ending	\$ 727,136	\$ 512,320

See notes to financial statements.

United States Capitol Historical Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The United States Capitol Historical Society (the Society) is a nonprofit organization, incorporated under the laws of the District of Columbia, which operates under Congressional Charter dated October 20, 1978, giving it the authority to preserve and improve the Capitol; to research, publish, and create items, medals and material of historical interest; and to cooperate with Congressional committees and federal agencies in the work of the Society and the distribution of its products.

A summary of the Society's significant accounting policies follows:

Income tax status: The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service (IRS) as other than a private foundation.

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of the FASB ASC, the Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restriction: Net assets without donor restriction include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. There were no board designated net assets as June 30, 2020 and 2019.

Net assets with donor restriction: Net assets without donor restriction include those net assets whose use by the Society has been donor restricted by specified time or purpose limitations. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Net assets with donor restriction consist principally of accumulated contributions for Capitol decorations, portraits, book projects and various youth and scholastic programs. Depending on the terms of the original agreements, unused contributions restricted are released from restriction and are transferred to either the Cox Memorial fund restricted for Capitol decorations or to net assets without donor restriction.

Use of estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the Society considers all investments with a maturity of three months or less at the time of purchase to be cash equivalents with the exception of money market funds held for investment purposes.

Investments: Investments in mutual funds with readily determinable fair values are reflected at fair value. The change in fair value of these investments is recorded as a component of investment income in the statements of activities. Money market funds are recorded at cost.

United States Capitol Historical Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Financial risk: The Society maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Society has not experienced any losses in such accounts. The Society believes it is not exposed to any significant financial risk on cash.

The Society holds several investment accounts that contain various types of investments. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Accounts receivable: Accounts receivable consists primarily of amounts owed from customers. Accounts receivable are presented at the gross amount due to the Society, less an allowance for uncollectible accounts. The Society's management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances for which collection is deemed doubtful are charged to bad debt expense and an allowance is recorded. The allowance for doubtful accounts totaled \$6,275 and \$15,449 at June 30, 2020 and 2019, respectively.

Inventory: The Society's inventory consists of calendars, publications and other items for sale, which stimulate interest in the history of the Congress and the United States Capitol. Inventory is recorded at the lower of cost or net realizable value and is valued using the first in, first out method.

Property and equipment: The Society capitalizes all property and equipment purchases of \$500 or above. Property and equipment are stated at cost and are depreciated over their estimated useful lives ranging between five and thirty-nine years, using the straight-line method.

Valuation of long-lived assets: The Society reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net assets flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable as the lower of the carrying amounts or fair value, less costs to sell. As of June 30, 2020 and 2019, management has determined that there was no impairment in the carrying value of long-lived assets.

Deferred rent: The Society has a lease agreement for rental space in Washington, D.C. with a provision for annual rent escalations. The escalating annual rent increases are recognized on a straight-line basis over the term of the lease agreement and reflected as deferred rent in the accompanying statements of financial position.

Contributions: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The Society adopted the new standard effective for the year ended June 30, 2020, using the modified prospective method. There were no changes to revenue recordation and presentation as a result.

United States Capitol Historical Society

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Unconditional contributions are recorded as support with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires. The Society considers certain grants received to be conditional if both a barrier and a right of return of funds exist. Conditional contributions received are accounted for as refundable advances on the statements of financial position or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions. The Society had no conditional promises to give outstanding as of June 30, 2020 and 2019.

Functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, salary and other joint costs have been allocated among the programs and supporting services benefited.

The Society charges expenses directly incurred for a specific function directly to the appropriate program or supporting service category. The direct costs are those that can be specifically identified as being incurred for the activities of that program or supporting service.

Other costs are incurred by the Society that indirectly benefit more than one program or supporting service. Indirect costs are allocated among program and supporting services on a reasonable basis that is consistently applied. In particular, salaries and benefits are allocated based on estimated employee effort. Professional fees, rent and utilities, and office operations are allocated based on the relative proportion of total expenses by function.

Recent accounting pronouncements (not adopted): In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 replaces most existing recognition guidance in generally accepted accounting principles in the United States of America (U.S. GAAP). The ASU also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. On June 3, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. In the ASU, the FASB provided one-year effective date deferrals (on an optional basis) for certain entities and their adoption of the following guidance in its ASC 606, Revenue from Contracts with Customers. The Society elected to defer their adoption until the year ending June 30, 2021, and is currently in the process of evaluating the impact of the new accounting guidance on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which changes the accounting for leases. While both lessees and lessors are affected by the new guidance, the effects on lessors is largely unchanged. Under the new guidance, lessees will be required to recognize the following for all long-term leases: (1) a lease liability, which is the lessee's obligation to make lease payments measured on a discounted basis and (2) a right-of-use asset, which represents the lessee's right to use (or control use of) a specified asset for the lease term. The standard will be effective for the Society for the fiscal year ending June 30, 2023. The Society is currently in the process of evaluating the future impact that the new accounting guidance will have on its financial statements.

Subsequent events: Subsequent events have been evaluated through February 9, 2021, which is the date the financial statements were available to be issued.

United States Capitol Historical Society

Notes to Financial Statements

Note 2. Liquidity

The Society's liquidity management protocol includes the goal to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. Typically, cash held in excess of immediate liquidity needs is invested in accordance with the investment policy. Management periodically reviews liquid assets and increases or decreases cash as appropriate.

Financial assets available for general expenditure within one year are as follows at June 30, 2020 and 2019:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 727,136	\$ 512,320
Investments	2,152,499	2,416,256
Accounts receivable, net	173	68,989
Total financial assets at year-end	<u>2,879,808</u>	<u>2,997,565</u>
Less those unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	<u>(472,637)</u>	<u>(652,482)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,407,171</u>	<u>\$ 2,345,083</u>

Note 3. Investments

In accordance with U.S. GAAP, the Society uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting Society's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments recorded at fair value which are classified within Level 1 include equity mutual funds, the fair values for which were based on quoted prices for identical assets in active markets.

Investments recorded at cost include money market funds. Investments at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

United States Capitol Historical Society

Notes to Financial Statements

Note 3. Investments (Continued)

The following is a summary of input levels used to determine fair value, measured on a recurring basis, of the following assets at June 30, 2020 and 2019:

	2020			
	Total	Fair Value		
		Level 1	Level 2	Level 3
Investments, at fair value:				
Equity mutual funds				
Large growth	\$ 298,715	\$ 298,715	\$ -	\$ -
Large blend	373,857	373,857	-	-
Large value	411,806	411,806	-	-
Mid-growth	132,351	132,351	-	-
Fixed income mutual funds				
Domestic nontraditional bonds	211,424	211,424	-	-
Domestic intermediate core-plus bonds	411,694	411,694	-	-
Domestic bank loan fund	208,507	208,507	-	-
Domestic preferred stock	103,562	103,562	-	-
	<u>2,151,916</u>	<u>\$ 2,151,916</u>	<u>\$ -</u>	<u>\$ -</u>
Investments, at cost:				
Money market funds*	<u>583</u>			
	<u>\$ 2,152,499</u>			
	2019			
	Total	Fair Value		
		Level 1	Level 2	Level 3
Investments, at fair value:				
Equity mutual funds				
Large growth	\$ 273,623	\$ 273,623	\$ -	\$ -
Large blend	253,225	253,225	-	-
Large value	523,920	523,920	-	-
Mid-growth	106,450	106,450	-	-
Mid-value	105,485	105,485	-	-
Fixed income mutual funds				
Domestic nontraditional bonds	211,680	211,680	-	-
Domestic intermediate core-plus bonds	422,021	422,021	-	-
Domestic bank loan fund	210,703	210,703	-	-
	<u>2,107,107</u>	<u>\$ 2,107,107</u>	<u>\$ -</u>	<u>\$ -</u>
Investments, at cost:				
Money market funds*	<u>309,149</u>			
	<u>\$ 2,416,256</u>			

* Money market funds held within the investment portfolio are valued at cost.

United States Capitol Historical Society

Notes to Financial Statements

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Warehouse	\$ 208,787	\$ 208,787
Computer equipment	212,377	212,377
Furniture	131,641	131,641
Office equipment	120,705	120,705
Website development costs	48,709	48,709
Leasehold improvements	38,448	38,448
Vehicle	24,945	24,945
Software	15,835	15,835
	801,447	801,447
Less accumulated depreciation	(633,571)	(609,348)
Property and equipment, net	<u>\$ 167,876</u>	<u>\$ 192,099</u>

Note 5. Notes Payable

As part of the response to the coronavirus (COVID-19) pandemic (see Note 9), the Society applied for a paycheck protection program (PPP) loan. The Society's application was approved, and a PPP loan of \$283,105, carrying an interest rate of 1% per annum and a two-year maturity, was funded on April 17, 2020. The Society has elected to account for the loan as a financial liability until the time at which forgiveness is received, which is expected to be within one year. The Society believes that most if not all, of the PPP loan will be the requirements for debt forgiveness with the exception of the \$10,000 received as an advance on the Economic Injury Disaster Loan (EIDL) described below.

The Society also applied for the EIDL advance and loan. The Society's application was approved, and an EIDL advance of \$10,000 was funded on April 17, 2020 and has been recorded as a contribution without donor restrictions in the statements of activities. The amount of forgiveness for the Society's PPP loan will be reduced by the amount of the advance. The Society applied for an EIDL loan of \$150,000, which was funded on May 13, 2020. This loan carries an interest rate of 2.75% per annum and a 30-year maturity. The Society has recorded this loan as a financial liability.

The notes projected future payments of principal are as follows as of June 30, 2020:

	Economic Injury Disaster Loan Maturities	Paycheck Protection Loan Maturities	Total
Years ending June 30:			
2021	\$ 565	\$ 141,022	\$ 141,587
2022	3,446	142,083	145,529
2023	3,542	-	3,542
2024	3,640	-	3,640
2025	3,742	-	3,742
Thereafter	135,065	-	135,065
	<u>\$ 150,000</u>	<u>\$ 283,105</u>	<u>\$ 433,105</u>

The Society recorded \$0 in interest expense for the years ended June 30, 2020 and 2019.

United States Capitol Historical Society

Notes to Financial Statements

Note 6. Net Assets with Donor Restriction

Net assets with donor restriction and related activity consisted of the following as of June 30, 2020 and 2019:

	2020			
	Net Assets July 1, 2019	Revenue	Restriction Releases	Net Assets June 30, 2020
Program funds:				
APA – curriculum	\$ 1,350	\$ -	\$ -	\$ 1,350
Brown Internship	328	-	-	328
Capitol Fellowship	11,350	-	-	11,350
Capitol Stories	43,511	-	24,201	19,310
Constitution Tours	239	66,380	66,619	-
Cox Fund	130,251	-	-	130,251
Essay Contest	7,381	-	-	7,381
Masons Programs	6,062	-	-	6,062
National Statutory Hall Collection Book	29,600	-	23,508	6,092
NBC Learning	25,000	-	25,000	-
Performing Arts Fellowship	5,000	-	-	5,000
Pritchard	36,641	-	-	36,641
Resident Scholar	2,124	-	-	2,124
Schwengel Book	10,000	-	-	10,000
Symposium	25,000	-	25,000	-
Tree Brochure	2,000	-	-	2,000
UPS (Transport Slavery Exhibit)	445	-	-	445
Women's Tour	15,000	-	-	15,000
Youth Forum	4,000	-	-	4,000
Total program funds	355,282	66,380	164,328	257,334
Portrait Funds	297,200	343,176	425,073	215,303
Net assets with donor restriction	\$ 652,482	\$ 409,556	\$ 589,401	\$ 472,637

United States Capitol Historical Society

Notes to Financial Statements

Note 6. Net Assets with Donor Restriction (Continued)

	2019			
	Net Assets July 1, 2018	Revenue	Restriction Releases	Net Assets June 30, 2019
Program funds:				
APA – curriculum	\$ 1,350	\$ -	\$ -	\$ 1,350
Brown Internship	2,828	-	2,500	328
Capitol Fellowship	11,350	-	-	11,350
Capitol Stories	25,000	25,000	6,489	43,511
Constitution Tours	54,388	55,000	109,149	239
Cox Fund	130,251	-	-	130,251
Essay Contest	7,381	-	-	7,381
Masons Programs	6,062	-	-	6,062
National Statutory Hall Collection Book	-	50,000	20,400	29,600
NBC Learning	-	50,000	25,000	25,000
Performing Arts Fellowship	5,000	-	-	5,000
Pritchard	36,641	-	-	36,641
Resident Scholar	2,124	-	-	2,124
Schwengel Book	10,000	-	-	10,000
Symposium	25,000	-	-	25,000
Tree Brochure	2,000	-	-	2,000
UPS (Transport Slavery Exhibit)	445	-	-	445
Women's Tour	15,000	-	-	15,000
Youth Forum	4,000	-	-	4,000
Total program funds	338,820	180,000	163,538	355,282
Portrait Funds	296,586	442,293	441,679	297,200
Net assets with donor restriction	<u>\$ 635,406</u>	<u>\$ 622,293</u>	<u>\$ 605,217</u>	<u>\$ 652,482</u>

Note 7. Retirement Plan

The Society maintains a 403(b) retirement plan for all employees who have completed at least one year of service and who have attained at least 18 years of age. The plan is currently funded and requires biweekly contributions equal to 5% of the participating employees' compensation. Retirement expense for the years ended June 30, 2020 and 2019, totaled \$68,000 and \$59,746, respectively.

Note 8. Commitments

The Society has a non-cancelable operating lease for office space that expired in March 2020 and changed to month-to-month at that time. The lease contained an annual escalation clause, which adjusts base annual rentals. Rent expense for the years ended June 30, 2020 and 2019, totaled \$255,918 and \$263,362, respectively.

The Society has an employment agreement with its President and CEO. Under the terms of the agreement, should the Society terminate employment without cause, the Society would be obligated to pay severance.

United States Capitol Historical Society

Notes to Financial Statements

Note 9. COVID-19 Pandemic

On January 30, 2020, the World Health Society declared the novel coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Society operates and holds meetings and other activities. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with COVID-19 will last and what the complete financial effect will be to the Society. Quarantines, labor shortages or other disruptions to the Society's operations, or those of its members, may adversely impact the Society's revenues, ability to provide its services and operating results. The operations of the Society's services have been impacted by the regional and global outbreak of COVID-19.

The extent to which the COVID-19 pandemic impacts the Society's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain it or its impact, among others.