

NATIONAL SPACE SOCIETY

FINANCIAL STATEMENTS

December 31, 2023 and 2022

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, slightly slanted style.

Wegner CPAs, LLP
Alexandria, Virginia
November 8, 2024

NATIONAL SPACE SOCIETY
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 56,495	\$ 122,974
Accounts receivable	125,638	123,989
Unconditional promises to give	999,950	-
Prepaid expenses	<u>35,335</u>	<u>19,630</u>
Total current assets	1,217,418	266,593
OTHER ASSETS		
Operating lease right-of-use asset	65,235	62,057
Investments	<u>5,131,602</u>	<u>2,119,798</u>
Total assets	<u>\$ 6,414,255</u>	<u>\$ 2,448,448</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 66,652	\$ 66,918
Deferred revenue	60,821	34,453
Due to chapters	12,845	12,845
Current portion of operating lease liability	<u>40,844</u>	<u>23,132</u>
Total current liabilities	181,162	137,348
LONG-TERM LIABILITIES		
Operating lease liability less current portion	<u>25,024</u>	<u>39,074</u>
Total liabilities	206,186	176,422
NET ASSETS		
Without donor restrictions	<u>6,208,069</u>	<u>2,272,026</u>
Total liabilities and net assets	<u>\$ 6,414,255</u>	<u>\$ 2,448,448</u>

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions		
Membership dues	\$ 374,583	\$ 351,010
Contributions	233,326	210,053
Bequests	3,903,477	-
Projects	169,495	230,295
Program service revenue		
Conference revenue	172,530	97,971
List rental, advertising, and royalties	55,436	160,513
Investment return, net	523,637	(455,841)
Miscellaneous revenue	4,122	6,340
	<u>5,436,606</u>	<u>600,341</u>
EXPENSES		
Program services		
Education and Communication	744,037	813,259
Policy and Research	421,456	343,621
Supporting activities		
Management and General	232,903	187,408
Fundraising	102,167	64,217
	<u>1,500,563</u>	<u>1,408,505</u>
Total expenses	<u>1,500,563</u>	<u>1,408,505</u>
Change in net assets	3,936,043	(808,164)
Net assets at beginning of year	<u>2,272,026</u>	<u>3,080,190</u>
Net assets at end of year	<u>\$ 6,208,069</u>	<u>\$ 2,272,026</u>

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	<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	\$ 170,411	\$ 148,517	\$ 80,490	\$ 61,477	\$ 460,895
Office expenses	2,659	886	8,986	-	12,531
Conferences and meetings	175,679	56,869	606	-	233,154
Insurance	-	-	9,580	-	9,580
Occupancy	10,635	-	36,358	-	46,993
Advertising	36,211	-	-	-	36,211
Information technology	45,836	25,215	12,503	6,954	90,508
Travel	32,583	3,620	-	-	36,203
Miscellaneous	26,583	26,583	17,376	2,893	73,435
Grants and assistance	686	-	-	-	686
Postage and delivery	42,173	1,406	9,492	16,596	69,667
Printing and copying services	45,136	37,580	15,876	4,336	102,928
Projects	120,780	120,780	-	-	241,560
Licenses	6,818	-	-	6,817	13,635
Design and layout	27,847	-	-	3,094	30,941
Credit card and bank fees	-	-	19,980	-	19,980
Bad debt expense	-	-	21,656	-	21,656
Total expenses	\$ 744,037	\$ 421,456	\$ 232,903	\$ 102,167	\$ 1,500,563

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	\$ 813,259	\$ 343,621	\$ 187,408	\$ 64,217	\$ 1,408,505

See accompanying notes.

NATIONAL SPACE SOCIETY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,936,043	\$ (808,164)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Amortization of operating lease right-of-use asset	30,709	8,326
Bad debt expense	21,656	-
Net realized and unrealized (gain) loss on investments	(435,427)	534,009
(Increase) decrease in assets		
Accounts receivable	(23,305)	(44,949)
Unconditional promise to give	(999,950)	-
Prepaid expenses	(15,705)	2,189
Increase (decrease) in liabilities		
Accounts payable	(266)	47,218
Deferred revenue	26,368	(5,216)
Operating lease liability	(30,225)	(8,177)
Net cash flows from operating activities	<u>2,509,898</u>	<u>(274,764)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,025,700	361,421
Purchases of and interest and dividends retained in investments	(5,602,077)	(103,323)
Net cash flow from investing activities	<u>(2,576,377)</u>	<u>258,098</u>
Change in cash	(66,479)	(16,666)
Cash at beginning of year	<u>122,974</u>	<u>139,640</u>
Cash at end of year	<u>\$ 56,495</u>	<u>\$ 122,974</u>

See accompanying notes.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts Receivable

Accounts receivable primarily represent amounts due from customers for sponsorships at meetings and events provided by the Society. The Society uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

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 are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least 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.

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.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Society's receivables and contract liabilities from contracts with customers are as follows:

	<u>2023</u>	<u>2022</u>
Accounts receivable at beginning of year	\$ 123,989	\$ 79,040
Accounts receivable at end of year	125,638	123,989
Deferred revenue at beginning of year	\$ 34,453	\$ 39,669
Deferred revenue at end of year	60,821	34,453

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.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Advertising

Advertising costs are expensed in the year incurred.

Date of Management’s Review

Management has evaluated subsequent events through November 8, 2024, the date which the financial statements were available to be issued.

NOTE 2—DONOR CONCENTRATION

For the year ended December 31, 2023, approximately 70% of the Society’s support and revenue came from two donors.

NOTE 3—INVESTMENTS

Investments consist of the following:

	2023	2022
Money market funds	\$ 662,696	\$ 76,352
Stock mutual funds	3,285,959	1,268,296
Bond mutual funds	1,182,947	775,150
Investments	\$ 5,131,602	\$ 2,119,798

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.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4—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, 2023 and 2022 included a total of \$36,084 and \$22,320, 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:

	2023	2022
Joint programs	\$ 18,042	\$ 11,160
Fundraising	18,042	11,160
Joint costs	\$ 36,084	\$ 22,320

NOTE 5—HOTEL COMMITMENTS

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 \$276,000.

NOTE 6—LIQUIDITY AND AVAILABILITY

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

	2023	2022
Financial assets at end of year		
Cash	\$ 56,495	\$ 122,974
Accounts receivable	125,638	123,989
Unconditional promises to give	999,950	-
Investments	5,131,602	2,119,798
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,313,685	\$ 2,366,761

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.

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, 2023, lease expense totaled \$30,709 and \$10,370, respectively.

NATIONAL SPACE SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7—LEASE (continued)

Other information related to leases is as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 30,224	\$ 10,221
Right-of-use assets obtained in exchange for new operating lease liabilities	32,023	69,609
Weighted-average remaining lease term		
Operating leases	1.58 years	2.58 years
Weighted-average discount rate		
Operating leases	3.85%	2.82%

The maturities of lease liabilities as of December 31, 2023 are as follows:

Year ending December 31:	
2024	\$ 42,443
2025	<u>25,254</u>
Total minimum lease payments	67,697
Imputed interest	<u>(1,829)</u>
Total lease liabilities	<u>\$ 65,868</u>