



Abbreviated Annual Report

2019-2020



A NOTE FROM FORMER GOVERNOR GENERAL GARMANY

What changes 2020 has brought to our beloved Society! On January 1st, as I was riding at the helm of the prize-winning “Voyage of Hope” float in the Rose Parade, it was possible to envision dozens of activities, culminating in the 43rd Congress, scheduled to be held in Plymouth, Provincetown, and Boston to commemorate the 400th Anniversary of the Mayflower Voyage. Looking back to that time, it’s so very clear that we all took “normal activity” for granted.

Our ability to navigate the shoals of an international pandemic bears testament to the quality of leadership that our Society enjoys. We knew at the beginning of the year that our organization had been underfunded for years, and we were prepared to deal with the issues that we knew about. Of course, like our Pilgrim ancestors, we had to adjust our activity to accommodate many hazards that we couldn’t possibly have expected. This financial report can only tell part of the story. When the pandemic closed our offices, our staff, with the leadership of Executive Director, Susan Belekewicz, and Director of Genealogical Services, Marti Bobertz, found ways to leverage software and our digitized records to accomplish their jobs remotely. Because of their flexibility, we have increased our verification rate to record highs, far beyond what anyone would have expected. These new capabilities increased our membership and should continue to do so for years to come. Treasurer General Liz Gaudreau and Susan Belekewicz faced the pandemic by getting a loan (which we expect will be forgiven) from the US Payroll Protection Program, allowing us to keep our year-round staff employed. When Congress was cancelled, we modified the contracts that we had made and fully refunded deposits that our members had sent to us. These are just the most obvious of the dramatic changes that were necessary.

Fortunately, our officers and General Board recognized the financial jam that the Society is facing and agreed to increase both the application fees and the annual assessment fees (dues) during our Special Online Congress. These changes are significant, but GSMD won’t see the financial infusion that they will bring until next April, 2021, which is three quarters into our next fiscal year. We will be able to begin the changes that were promised to those attending Congress, but progress will be slower than we would like it to be. Turning any ship in a storm is a slow process, but your leadership is committed to making the changes that will help to Society to grow and to improve services for individual members and our Member Societies.

George P. Garmany, Jr. MD

Governor General, GSMD 2017-2020



A NOTE FROM YOUR TREASURER GENERAL

Greetings to the General Board of Assistants,

This Officer is pleased to report that we have again received an unqualified opinion from our auditors, G.T. Reilly & Company, of Milton, MA.

In the interest of full disclosure and transparency, attached please find a complete copy of the Audited Consolidated Financials for the reporting period of July 1, 2019 to June 30, 2020, including the footnotes to the statements.

This fiscal year has proven to be even more of a challenge than the past two years: we were faced with the complexity of managing our underfunded operations along with the impacts of COVID-19. And we were still confronted with the same struggles related to our cash flow and our current operations as was mentioned in last year's Annual Report. Due to the inability to make any changes to our bylaws but once every three years, we were again forced to make business decisions that were not compatible with the Society's goals.

The Zoom forums presented over the Spring and Summer were structured to provide more detailed information than has ever been provided before, and to allow Member Societies to provide input in a way never done before. What we achieved through improved communications is unprecedented in the Society's history: we intend to continue these forums, to continue transparency, to continue to listen to the voice of those engaged and participating.

As a result of our work together, the Special Congress has approved the proposed Amendments. Now, we all have an opportunity to move the Society into its bright future. I appreciate the trust you have placed in this Treasurer General and this Executive Committee to work side by side with the GBOA to move our organization forward. We are in an exciting moment in the Society's history.

Thank you for allowing me to serve as your Treasurer General during this pivotal time.

Elizabeth "Liz" Gaudreau, CPA
Treasurer General



The General Society of Mayflower Descendants

Consolidated Financial Statements

June 30, 2020

The General Society of Mayflower Descendants

Audited Consolidated Financial Statements

June 30, 2020

INDEPENDENT AUDITORS' REPORT	2
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	4
CONSOLIDATED STATEMENT OF CASH FLOWS	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7

Independent Auditors' Report

Executive Committee
The General Society of Mayflower Descendants

We have audited the accompanying consolidated financial statements of The General Society of Mayflower Descendants, the Mayflower Society House Endowment Fund, and the National Pilgrim Memorial Meetinghouse Charitable Trust, (collectively the "Society"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, 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 consolidated 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 consolidated 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 consolidated financial statements are free of 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

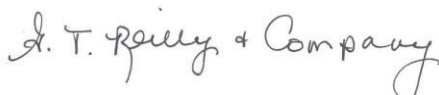
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



G.T. Reilly & Company

Milton, Massachusetts
September 16, 2020

The General Society of Mayflower Descendants
Consolidated Statements of Financial Position
at June 30, 2020
(With Comparative Totals at June 30, 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 490,622	\$ 557,390
Restricted cash	724,171	579,428
Grant and other receivables	15,375	105,608
Inventory	197,823	144,830
Investments - current	3,789,496	3,875,942
Total Current Assets	<u>5,217,487</u>	<u>5,263,198</u>
Non-Current Assets		
Investments - non-current	6,879,048	6,867,049
Beneficial interest in charitable trust	65,439	69,284
Other assets	66,422	25,379
Property and equipment, net	140,737	179,142
Total Non-Current Assets	<u>7,151,646</u>	<u>7,140,854</u>
Total Assets	<u>\$ 12,369,133</u>	<u>\$ 12,404,052</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 38,712	\$ 75,679
Accrued expenses	118,475	74,070
Loan Payable-Paycheck Protection Program	188,652	-
Deferred revenue	12,425	11,666
Deferred meeting fees	-	35,455
Total Liabilities	<u>358,264</u>	<u>196,870</u>
NET ASSETS:		
Without donor restriction	4,514,258	4,567,416
With donor restriction	7,496,611	7,639,766
Total Net Assets	<u>12,010,869</u>	<u>12,207,182</u>
Total Liabilities and Net Assets	<u>\$ 12,369,133</u>	<u>\$ 12,404,052</u>

The General Society of Mayflower Descendants
Consolidated Statements of Activities
For the year ended June 30, 2020
(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restriction	With Donor Restriction	Total	Total
OPERATING SUPPORT AND REVENUE:				
Membership assessments and fees	\$ 750,473	\$ -	\$ 750,473	\$ 696,586
Contributions	309,524	127,769	437,293	307,707
Sales	575,010			
Less: cost of sales	<u>(160,439)</u>	-	414,571	340,602
Investment return designated for current operations	135,275	251,350	386,625	374,600
Society House revenue	13,752	-	13,752	11,807
Member event revenue	-	-	-	3,730
Other	9,030	-	9,030	9,810
Net assets released from restriction	255,897	(255,897)	-	-
Total Operating Support and Revenue	1,888,522	123,222	2,011,744	1,744,842
OPERATING EXPENSES:				
Program Services:				
Genealogy validation	654,561	-	654,561	595,002
Genealogical research and publications	257,653	-	257,653	231,022
Society House operations	261,822	-	261,822	169,932
Member services	385,562	-	385,562	371,440
Total Program Services	1,559,598	-	1,559,598	1,367,396
Supporting Services:				
Management and general	337,996	-	337,996	306,522
Fundraising	83,901	-	83,901	139,848
Total Supporting Services	421,897	-	421,897	446,370
Total Operating Expenses	1,981,495	-	1,981,495	1,813,766
CHANGE IN NET ASSETS FROM OPERATIONS	(92,973)	123,222	30,249	(68,924)
OTHER NON-OPERATING CHANGES:				
Investment return in excess of amounts designated for current operations	3,605	(35,243)	(31,638)	570,656
National Pilgrim Memorial Meetinghouse				
Contributions	36,210	152,361	224,781	315,951
Grant revenue	-	2,238,212	2,238,212	289,025
Grant expenses	(2,356,498)	-	(2,356,498)	(117,165)
Operating expenses	(265,209)	-	(265,209)	(26,706)
Net assets released from restriction	2,621,707	(2,621,707)	-	-
Net Change - National Pilgrim Memorial Meetinghouse	36,210	(231,134)	(158,714)	461,105
CHANGE IN NET ASSETS FROM NON-OPERATING CHANGES	39,815	(266,377)	(226,562)	1,031,761
CHANGE IN NET ASSETS	(53,158)	(143,155)	(196,313)	962,837
NET ASSETS, BEGINNING OF YEAR	4,567,416	7,639,766	12,207,182	11,244,345
NET ASSETS, END OF YEAR	\$ 4,514,258	\$ 7,496,611	\$ 12,010,869	\$ 12,207,182

The General Society of Mayflower Descendants
Consolidated Statements of Cash Flows
For the year ended June 30, 2020
(With Comparative Totals for 2019)

	June 30, 2020	As restated Note 1 June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (196,313)	\$ 1,114,312
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation expense	20,583	27,439
Net realized and unrealized (gains) losses on investments	(122,797)	(432,922)
Net investment (income) loss from charitable trust	3,845	526
Contributions restricted for endowment	(118,398)	(30,014)
(Increase) Decrease in grant and other receivables	90,233	(105,608)
(Increase) Decrease in inventory	(52,993)	(43,367)
(Increase) Decrease in other assets	(41,043)	(5,347)
Increase (Decrease) in accounts payable	(36,967)	13,450
Increase in accrued expenses	44,405	23,153
Increase (Decrease) in deferred meeting fees	(34,696)	14,272
Increase (Decrease) in Due to National Pilgrim Memorial Meetinghouse	-	(86,833)
NET CASH USED IN OPERATING ACTIVITIES	(444,141)	489,061
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds (purchases) of investments, net	197,244	(94,410)
Disposal of property and equipment	17,822	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	215,066	(94,410)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for endowment	118,398	30,014
Increase in Loans Payable	188,652	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	307,050	30,014
NET DECREASE IN CASH AND RESTRICTED CASH	77,975	424,665
CASH AND RESTRICTED CASH, BEGINNING OF YEAR, AS RESTATED	1,136,818	712,153
CASH AND RESTRICTED CASH, END OF YEAR, AS RESTATED	\$ 1,214,793	\$ 1,136,818

The General Society of Mayflower Descendants
Consolidated Statements of Functional Expenses
For the year ended June 30, 2020
(With Comparative Totals for 2019)

	Program Services						Supporting Services			Total Expenses	
	Genealogical Research and Publications			Society House Operations			Management and General		Total Supporting Services	2019 (Comparative Totals)	
	Genealogy Validation	Research	Publications	Society House Operations	Member Services	Total Program Services				2020	
Wages	\$ 542,015	\$ 55,379	\$ 21,619	\$ 83,446	\$ 702,459	\$ 206,951	\$ 21,513	\$ 228,464	\$ 930,923	\$ 899,458	
Payroll taxes and fringe benefits	59,325	9,006	2,336	11,770	82,437	26,749	1,988	28,737	111,174	107,569	
Contract services	1,960	114,874	-	-	116,834	-	40,501	40,501	157,335	151,099	
Mayflower Quarterly printing	-	-	-	127,872	127,872	-	-	-	127,872	106,284	
Supplies and services	22,070	18,593	26,370	12,261	79,294	9,384	5,887	15,271	94,565	84,220	
Dues & subscriptions	2,092	-	-	-	2,092	198	-	198	2,290	3,118	
Board meetings	-	-	-	-	-	23,942	-	23,942	23,942	37,535	
Interest	-	-	-	-	-	2,594	-	2,594	2,594	-	
Insurance	4,765	1,688	20,987	-	27,440	6,262	-	6,262	33,702	28,335	
Legal fees	-	-	-	-	-	11,597	-	11,597	11,597	25,273	
Accounting	-	-	-	-	-	12,103	-	12,103	12,103	14,770	
Depreciation	3,893	-	16,690	-	20,583	-	-	-	20,583	27,439	
Utilities	5,442	3,268	14,510	-	23,220	3,268	-	3,268	26,488	26,852	
Travel	2,339	-	-	12,976	15,315	1,911	(285)	1,626	16,941	25,347	
Website management and technology	-	-	-	52,952	52,952	-	-	-	52,952	24,811	
Postage and shipping	217	39,290	-	-	39,507	387	4,408	4,795	44,302	34,376	
Miscellaneous	-	15,555	-	-	15,555	9,712	-	9,712	25,267	24,952	
Repairs and maintenance	2,228	-	155,341	-	157,569	1,516	-	1,516	159,085	75,621	
Telephone	7,123	-	2,694	-	9,817	-	-	-	9,817	9,265	
Officer stipend	-	-	-	1,800	1,800	3,600	-	3,600	5,400	5,400	
Scholarship award	-	-	-	15,000	15,000	-	-	-	15,000	15,000	
Furniture and equipment	-	-	425	-	425	-	-	-	425	-	
Library acquisitions	1,092	-	-	-	1,092	-	-	-	1,092	346	
Loss on Disposal of Fixed Assets	-	-	-	-	-	17,822	-	17,822	17,822	-	
Advertising	-	-	-	635	635	-	-	-	635	4,042	
1620 Society costs	-	-	-	-	-	-	-	-	9,889	5,317	
Mayflower 2020 Commemoration	-	-	-	62,172	62,172	-	9,889	9,889	62,172	74,264	
DNA Project costs	-	-	-	945	945	-	-	-	945	-	
Women of the Mayflower	-	-	-	3,697	3,697	-	-	-	3,697	-	
House Beautification Project	-	-	850	-	850	-	-	-	850	-	
Member events	-	-	-	36	36	-	-	-	36	3,073	
Book printing & merchandise costs	-	159,855	-	-	159,855	-	-	-	159,855	150,238	
Total Operating Expenses	654,561	417,508	261,822	385,562	1,719,453	337,996	83,901	421,897	2,141,350	1,964,004	
Less expenses included with support and revenue on the Statement of Activities	-	(159,855)	-	-	(159,855)	-	-	-	(159,855)	(150,238)	
Total expenses included in the expenses on the Statement of Activities	\$ 654,561	\$ 257,653	\$ 261,822	\$ 385,562	\$ 1,559,598	\$ 337,996	\$ 83,901	\$ 421,897	\$ 1,981,495	\$ 1,813,766	

The General Society of Mayflower Descendants

Notes to Consolidated Financial Statements

June 30, 2020

Note 1 – Nature of Organization

The General Society of Mayflower Descendants (the Society) is a not-for-profit organization (corporation) that: operates the Mayflower House in Plymouth, MA, as a museum for the education and benefit of the public; maintains a library for the use of members and the public; researches, prints, and publishes genealogical materials relating to the Pilgrims and their descendants; and produces the *Mayflower Quarterly*, a publication for official communications, state Society news, and historical and genealogical information. The Society's primary sources of support are from member assessments, contributions, and sales of Society publications.

The Mayflower Society House Endowment Fund (the Endowment) is a trust that manages the investment of the Society's endowment funds under the direction of trustees appointed by the Governor General of the Society.

The National Memorial Meetinghouse Charitable Trust (the Trust) was formed on December 23, 2017, as part of a joint venture with First Parish in Plymouth to restore and preserve the Meetinghouse which was previously used by the Parish. The Meetinghouse has special significance to Society members as their Pilgrim ancestors worshipped in the first Meetinghouse on this site, built in 1621. First Parish has deeded the Meetinghouse to the Trust and the Trust has begun the initial stages of restoration and preservation and eventually plans to use the building to support its educational mission. The Society serves as the sole trustee of the Trust and the Trust is managed under the direction of trustee representatives appointed by the Governor General of the Society.

Both the Endowment and the Trust are organized separately from the Society, although collectively they are referred to as the "Society".

The Society collectively runs the following programs:

Genealogy validation – Genealogy validation includes the work of the Society Historian General's office in researching and validating proposed member applications, as well as library-related services.

Genealogical research and publications – Genealogical research and publications include research and related publication costs of the Society's genealogical publications, as well as marketing and sales of Mayflower related items.

Society House operations – Society house operations include staffing and maintaining the Mayflower Society House located in Plymouth, which is open to the public.

Member services – Member services includes the costs of publishing the *Mayflower Quarterly* journal, as well as headquarter- related expenses of serving our membership.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of the General Society of Mayflower Descendants (the Society), the Mayflower Society House Endowment Fund (the Endowment), and the National Memorial Meetinghouse Charitable Trust (the Trust), which are separate Massachusetts not-for-profit entities. Consolidated financial statements are presented due to the Society's controlling financial interest in the Endowment and the Trust based upon the nature of the relationships as described in Note 1, which includes the appointment of trustees for these entities under the Governor General of the Society. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Basis of Financial Statement Presentation – The accompanying financial statements of the Society are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as they apply to not-for-profit organizations. The Society presents in its statement of financial position and changes in net assets two classes of net assets based on the existence or absence of donor-imposed restrictions as discussed below.

Net Assets Without Donor Restrictions – These are net assets available for use in general operations and not subject to donor restrictions. At its discretion, the Board of Directors may designate net assets without restrictions for specific purposes. Net assets have been designated by the Board for specific purposes and as amounts quasi-endowed to provide a permanent source of income (see Note 8).

Net Assets With Donor Restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of events or the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature where the donor stipulates that the funds be maintained in perpetuity, such as endowments.

Donor-restricted revenues, support and gains are recorded as "net assets with donor restrictions" when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, related amounts of "net assets with donor restrictions" are reclassified to "net assets without donor restrictions" and reported in the statement of activities as "net assets released from restrictions".

Contributions made with donor-imposed restrictions to maintain the principal in perpetuity, while allowing the use of income generated therefrom, are also classified as "net assets with donor restrictions". Income derived from the investment of these perpetual net assets is reported as an increase in "net assets without donor restrictions" or "net assets with donor restrictions" depending on the terms of the donor instrument. Unrealized gains or losses on perpetual net assets are reported as increases or decreases in "net assets with donor restrictions", unless the donor explicitly states otherwise.

See Notes 8 and 9 regarding restrictions on net assets

Contributions – In June of 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *"Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made"*. The ASU is intended to assist entities in evaluating whether transactions should be accounted for and reported as contributions or as exchange transactions, and in determining whether a contribution is conditional or unconditional.

Note 2 – Summary of Significant Accounting Policies (Cont.)

The ASU clarifies that a contribution represents a nonreciprocal transaction where the grantor or donor does not receive a benefit of commensurate value in return for the assets or resources provided to the recipient. In an exchange transaction, the resource provider receives some thing or benefit of commensurate value in return for the resources provided. Exchange transactions include instances where a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer receiving the benefit. However, where the benefit or potential benefit is received by the public or segments thereof, and the resource provider (such as an individual, foundation, government agency, corporation or other entity) only receives indirect or incidental benefit that is not of commensurate value, the transaction is treated as a contribution for accounting purposes.

Distinguishing between contributions and exchange transactions determines the appropriate accounting and reporting for a transaction. Transactions determined to be contributions are reported as revenue or support with or without donor restrictions as described above.

The Society adopted the principles of the ASU effective July 1, 2019 on a modified prospective basis. Management made a determination that the Society's existing accounting policies and methods substantially comply with the ASU. Therefore, there were no changes to the Organization's accounting methods in 2020, and the adoption of ASU 2018-08 had no effect on the Organization's financial statements as of and for the comparative year ended June 30, 2019.

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements – The Society follows Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, principally its investments. This standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements utilizing valuation inputs that are categorized under a three-level hierarchy as follows:

Level 1: Quoted market prices for identical assets or liabilities which an entity has access to at the measurement date.

Level 2: Significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets.

Level 3: Significant unobservable inputs that reflect the investment advisor's determination of assumptions that market participants might reasonably use in valuing the securities.

Cash and Cash Equivalents – Cash and cash equivalents consist of checking, savings and money market accounts, and all highly-liquid debt instruments purchased with a maturity of 90 days or less, exclusive of money market funds held in investment and endowment accounts.

Statement of Cash Flows – For the purposes of presenting the statement of cash flows, the Society considers cash to be cash in banks, including restricted cash. Restricted cash at June 30, 2020 totaled \$724,171, and represents funds that are related to the Preservation and Restoration of the National Pilgrim Memorial Meetinghouse, the Paycheck Protection Program (Note 7), Scholarships, Reserves and Bequests. In 2020, the Society adopted ASU 2016-18, "Statement of Cash Flows - Restricted Cash", which requires all restricted cash and equivalents to be included in the total of cash and cash equivalents in the statements of cash flows. In prior years, the Society excluded its restricted cash from this total. The 2019 statement of cash flows has been retrospectively restated to conform to this new reporting policy, resulting in an increase of approximately \$579,000 to the total of cash as previously reported in that statement at June 30, 2019.

Note 2 – Summary of Significant Accounting Policies (Cont.)

As a result of this change, certain subtotals presented in the 2019 statement are also different than as previously reported. The following table provides a reconciliation of total cash and restricted cash reported in the statements of cash flows to the amounts shown in the balance sheets:

Cash	\$ 490,622
Restricted cash	<u>724,171</u>
	<u>\$ 1,214,793</u>

Accounts Receivable – When considered necessary, accounts receivable are stated net of an allowance for doubtful accounts, which would be reported on the face of the Society's consolidated statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its accounts receivable, and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectability of individual accounts, the Society's history of prior loss experience, and on current economic conditions.

Accounts are written off and charged against the allowance when management believes that the collectability of the specific account is unlikely.

The accompanying statement of financial position does not include an allowance for doubtful accounts at June 30, 2020 as one was not considered necessary by management.

Inventory - Inventory consists of publications the Society produces and sells, as well as educational material and other Mayflower related merchandise, which is carried at the lower of first-in, first-out cost or estimated net realizable value.

Investments – Investments are reported at fair value on the consolidated statement of financial position, with the corresponding realized and unrealized gains and losses included in the statement of activities and changes in net assets. Investment income on endowment assets is classified as donor-restricted until appropriated for expenditure. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the value of investments could occur in the near term, and that such changes could materially affect the amounts reported in the financial statements.

Property and Equipment – Building improvements and equipment which are not considered as part of the Society's collections are stated at cost, less accumulated depreciation. Depreciation is being provided by use of the straight-line method over ten to fifteen-year periods, which are the estimated useful lives of the related assets. Expenditures for maintenance and repairs are expensed as incurred.

Beneficial Interest in Charitable Trust – The Society is a 20% income beneficiary, along with other not-for-profit organizations, of a perpetual charitable trust which is managed by an institutional trustee. Under the terms of the trust, the Society has the irrevocable right to receive distributions of trust income in perpetuity. The trust's assets consist of equity securities and fixed income investments. The Society reports its beneficial interest in the trust as an asset at fair value in the accompanying consolidated financial statements, and as net assets with donor restrictions.

Collections – The Society acquires its collections, which include a historical house with artifacts and a recently acquired National Pilgrim Memorial Meetinghouse, by purchase using trust funds or by donation. All collections are held for public exhibition and education in furtherance of public service rather than financial gain. The Society's Collections Management policy includes guidance on the preservation, care and maintenance of the collections and procedures relating to the accession/deaccession of items within the collections.

Note 2 – Summary of Significant Accounting Policies (Cont.)

In accordance with the provisions of Accounting Standards Codification 958, “*Accounting for Contributions Received and Contributions Made*”, the Society’s policy is not to capitalize its collections; therefore, no value is assigned to the collections on the consolidated statement of financial position. Purchases of collection items are recorded as expense in the year in which the items are acquired. Contributed collection items are not reflected in the consolidated financial statements. Proceeds from deaccessioning or insurance recoveries from lost or destroyed collection items are reflected as increases in the appropriate net assets class.

Items that are acquired with the intent at the time of acquisition not to add them to the collection but rather to sell, exchange, or otherwise use for financial gain are not considered collection items, and are recorded at their acquisition cost or fair market value at date of acquisition if contributed as other assets in the statement of financial position.

Revenue Recognition – Effective July 1, 2019, the Society adopted FASB Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers”, and all subsequent amendments to the ASU (collectively, Accounting Standards Codification (ASC) 606). The new standards are based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under the new standard, revenue recognition is determined through the following steps:

1. Identification of the contract
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations in the contract
5. Recognition of revenue at a point in time (when), or over time (as), a performance obligation is satisfied

The Society has determined that there were no significant changes necessary to its existing revenue recognition policies and methods upon adoption of ASC 606. As a result, there was no effect on the Society’s statement of financial position or the statement of activities for 2020 from the adoption of this standard. Similarly, under the permitted full retrospective method of adoption, it was also determined that the new standard had no effect on the Society’s statements of financial position and activities as previously reported for 2019. To date, the Society has not had to significantly change its revenue recognition, or make any significant accounting adjustments as a result of adopting this standard.

Note 3 discusses the revenue recognition for the Society’s individual revenue streams, and it includes a disaggregation of revenues from contracts with customers and other revenue information.

Donated Services – Many volunteers donate time to the Society’s program services. However, no objective basis exists for recording and assigning values to these services, and as a result, donated services are not reflected in the accompanying consolidated financial statements as the criteria.

Expenses by Nature and Function – The consolidated statement of activities and changes in net assets reports a summary of the Society’s expenses by function, either program or supporting functions. The consolidated statement of functional expenses presents the natural classification of expenses by their function. Certain expenses are charged directly to the programs to which they relate or to supporting functions. Other expenses require allocation to programs or supporting functions, which is made on a reasonable basis that is consistently applied. The expenses that are generally allocated include salaries and wages and payroll taxes, which are allocated on the basis of estimated efforts.

Note 2 – Summary of Significant Accounting Policies (Cont.)

Compensated Absences – Employees are entitled to paid vacation and paid sick days depending on the number of hours worked and length of service. The Society has accrued a liability for these compensated absences in the amount of \$49,818 at June 30, 2020.

Research – Expenses for genealogical research are charged to expense as incurred. The total amount of research expenses incurred during the year ended June 30, 2020 was \$114,874.

Income Tax Status – The General Society of Mayflower Descendants, Mayflower Society House Endowment and National Memorial Meetinghouse Charitable Trust are not-for-profit organization's exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

Prior Year Summarized Information – The financial statements contain certain prior year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the entity's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassification – Certain expense amounts in the June 30, 2019 statement of functional expenses, and the statement of activities and changes in net assets related to the Mayflower 2020 Commemoration, have been reclassified from fundraising to member services to conform to the June 30, 2020 classification. Such reclassifications had no effect on the net assets or the change in net assets as previously reported as of and for the year ended June 30, 2019.

Evaluation of Subsequent Events – Management evaluates subsequent events involving the Society for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2020 through September 16, 2020, the date these consolidated financial statements were available to be issued.

Note 3 – Revenues

The following is a summary of the Society's sources of revenue from contracts with customers and the methods of revenue recognition:

Application and Lineage Match Fees – Individuals that would like to become a member of the Society must be able to document their descent from one or more of the *Mayflower* Pilgrims and complete an application. The application fees are paid to the state membership societies who, in turn, remit the amount of the fees collected to the Society on a monthly basis. Additionally, for a flat fee, individuals may fill out a Mayflower Lineage Match form online and submit it directly to the Society for review. The Society will compare proposed lineage with the approved lineage papers in the Society's files to determine what portion of the lineage is already documented. Revenues from these sources are recognized at a point in time, in the month that the application is submitted, or the lineage match review is performed.

Membership Dues – Once a membership application is submitted and officially approved by one of the state member society's historians, the individual member pays an annual fee to its state membership society. The Society annually bills a flat fee per capita to each of the 54 state membership societies as of the end of the previous calendar year. Since the memberships are voluntary and have a nominal amount of direct benefit to the individual, management records and reports these amounts as support for the Society (contributions) at the time they are collected.

Sale of Merchandise – The Society sells certain merchandise, including publications the Society produces, as well as educational material and other Mayflower-related merchandise. The Society recognizes product sales at the time of the sale to the customer.

Note 3 – Revenues (Cont.)

Disaggregation of Operating Revenues and Support – Revenues from contracts with customers and operating support, by type, are summarized as follows for the year ended June 30, 2020:

Revenue from customer contracts:	
Application fees	\$ 294,773
Lineage match fees	196,710
Net sales of merchandise	217,860
Other	22,783
	<u>732,126</u>
Member and other operating support:	
Membership dues	455,700
Other contributions	437,293
	<u>892,993</u>
	<u>\$ 1,625,119</u>

Fees collected in the current fiscal year for meetings to be held in the subsequent year are recorded as deferred meeting fee revenue in the consolidated statement of financial position.

Note 4 – Inventory

The Society's inventory of items for sale consists of the following at June 30, 2020:

Education Materials	\$ 3,037
Mechandise	94,807
Publications	99,979
Total	<u>\$ 197,823</u>

Note 5 – Investments

The Society's investments consist of the following at June 30, 2020:

	Cost	Unrealized Gain	Fair Value
Cash and cash equivalents	\$ 177,506	\$ -	\$ 177,506
Equities	5,340,170	1,798,317	7,138,486
Fixed Income	3,240,639	111,912	3,352,552
Total	<u>\$ 8,758,315</u>	<u>\$ 1,910,229</u>	<u>\$ 10,668,544</u>

The fair value of the Society's cash and cash equivalents, equity securities and fixed income securities, are based on Level 1 inputs (see Note 2, "Fair Value Measurements").

Note 5 – Investments (Cont.)

Investments are presented in the accompanying consolidated statement of financial position as follows at June 30, 2020:

Current assets (designated by the board)	\$ 3,789,496
Other assets - with donor restriction	6,879,048
	<u>\$ 10,668,544</u>

Investment return is summarized in the accompanying consolidated statement of activities as follows for the year ended June 30, 2020:

Interest and dividends	\$ 297,224
Realized gains (losses)	297,957
Unrealized gains (losses)	(175,160)
Fees	(61,189)
Change in value of charitable trust	(3,845)
	<u>\$ 354,987</u>

Investment return designated for current operations	\$ 386,625
Investment return in excess of amounts designated for current operations	(31,638)
	<u>\$ 354,987</u>

The Society designates only a portion of the cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy is used to support current operations.

Note 6 – Property and Equipment

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

Building improvements	\$ 229,601
Furniture and equipment	58,086
	<u>287,687</u>
Accumulated depreciation and amortization	(146,950)
	<u>\$ 140,737</u>

Depreciation expense was \$20,583 for the year ended June 30, 2020.

Note 7 – Loan Payable – Paycheck Protection Program

In April of 2020, the Society applied for, and received, a \$188,652 Paycheck Protection Program (PPP) loan through the Small Business Association. As authorized by the U.S. Government's stimulus package, the CARES Act, the Society will be eligible for partial or complete loan forgiveness if it meets certain criteria related to the use of the loan funds. The Society has adopted a policy of reporting such funds as debt until such time as some, or all, of the amount is repaid, or forgiven, by the SBA, and the Society is legally released from the debt. Under the PPP loan agreement, if the loan is not forgiven, the Society is responsible for monthly payments on the debt with an interest rate of 1.00%. However, management expects that it will meet the criteria for full forgiveness of this debt during 2021 and, therefore, will not be required to repay the funds.

Note 8 – Endowments and Quasi-Endowments

The Society's endowments include both donor-restricted endowment funds and net assets without donor restrictions that have been designated by the Board to function as quasi-endowments. As required by GAAP, net assets associated with endowment fund earnings, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Trustees of the endowment have interpreted the Massachusetts state version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as encouraging the preservation of the fair or historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, since records are no longer available to determine the values of all original gifts received prior to July 1, 2011, the Society classifies the donor-restricted endowment funds as net assets with donor restrictions, which includes (a) the value of the fund at July 1, 2011, (b) the original value of subsequent gifts to the fund, and (c) accumulations on 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. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the organization and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the organization; and (7) the investment policies of the organization.

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. Deficiencies of this nature result from unfavorable market fluctuations and are reported in net assets with donor restrictions. As of June 30, 2020, funds with original gift values of \$2,268,676, fair values of \$2,203,394, and deficiencies of \$65,282 were reported in net assets with donor restrictions.

Return Objectives and Risk Parameters – The Society has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding for current operations, capital expenditures and programs supported by the endowment, while ensuring that the purchasing power of the endowment assets do not decline over time (as required by State Prudent Management of Institutional Funds Act). Under this policy, as approved by the Trustees, the endowment assets are invested in a manner that is intended to produce an average rate of return in excess of inflation, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objective – To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized), and current yield (interest and dividends). The Society targets a diversified asset allocation of 30-70% equities, 25-75% fixed income and cash, and 0-15% commodities.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Society has a policy of appropriating for distribution each year, up to 5 percent of its endowment fund's average fair value over the prior 12 quarters preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to grow its endowment commensurate with market conditions. This is consistent with objectives to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through new gifts and investment return.

Note 8 – Endowments and Quasi-Endowments (Cont.)

Appropriation of Endowment Assets for Next Fiscal Year – For the fiscal year ending June 30, 2021, the Society has budgeted to appropriate \$401,600 of its endowment assets to be distributed for spending. This is consistent with the Society's spending policy described above.

Endowment net assets by composition and type of fund as of June 30, 2020 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment fund:			
Mayflower House Endowment Fund			
Original donor-restricted gift amount required to be maintained in perpetuity	\$ -	\$ 3,427,453	\$ 3,427,453
Accumulated gains	-	985,209	985,209
Joyce Garrison Parke Memorial Fund			
Original donor-restricted gift amount required to be maintained in perpetuity	-	2,268,676	2,268,676
Accumulated gains	-	197,710	197,710
Mary Chilton Winslow Scholarship			
Original donor-restricted gift amount required to be maintained in perpetuity		75,000	75,000
Board-designated endowment fund:			
Pilgrim Fund	3,689,983	-	3,689,983
Total	\$ 3,689,983	\$ 6,954,048	\$ 10,644,031

Changes in Endowment Net Assets

Endowment net assets and changes therein as of and for the year ended June 30, 2020 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 3,694,906	\$ 6,867,048	\$ 10,561,954
Contributions	-	118,398	118,398
Investment Return:			
Dividend & interest income	104,411	188,138	292,549
Net appreciation (realized & unrealized)	49,367	68,951	118,318
Investment management fees	(23,426)	(37,137)	(60,563)
Total investment return	130,352	219,952	350,304
Appropriation of endowment assets for expenditure	(135,275)	(251,350)	(386,625)
Endowment net assets, end of year	\$ 3,689,983	\$ 6,954,048	\$ 10,644,031

Note 9 – Net Assets With Donor Restrictions

The following is a summary of net assets at June 30, 2020 with donor restrictions:

Temporary in nature	\$ 1,660,043
Perpetual in nature	5,836,568
	<u>\$ 7,496,611</u>

Note 9 – Net Assets With Donor Restrictions (Cont.)

Restricted net assets which are temporary in nature at June 30, 2020 consist of the following:

Restricted for:

Endowment income available for appropriation	\$ 1,182,919
National Pilgrim Memorial Meetinghouse	446,088
Mayflower House garden walkway fund	20,000
Legacy 2020 book	2,235
DNA Project	280
House Beautification Project fund	8,521
Total temporarily restricted net assets	<u>\$ 1,660,043</u>

Restricted net assets which are perpetual in nature at June 30, 2020 consist of:

Restricted for:

Mayflower Society House Endowment Fund	\$ 3,427,453
Joyce Parke Endowment Fund	2,268,676
Beneficial interest in Konov charitable trust	65,439
Mary Chilton Winslow Scholarship	75,000
Total permanently restricted net assets	<u>\$ 5,836,568</u>

During the year ended June 30, 2020, net assets were released from donor restrictions by incurring expenses, or by the occurrence of other events satisfying the restricted purposes, or by donors removing the restrictions, as follows:

Net Assets Released From Restrictions

Endowment income	\$ 251,350
House Beautification Project	850
Women of the Mayflower	3,697
National Pilgrim Memorial Meetinghouse	2,621,707
Total Restrictions Released	<u>\$ 2,877,604</u>

National Pilgrim Memorial Meetinghouse Grant – The Society was awarded a grant in the approximate amount of \$2.6 million by the Town of Plymouth for the restoration of the National Pilgrim Memorial Meetinghouse. The restoration commenced during the fiscal year ended June 30, 2019, and it was completed during the year ended June 30, 2020, at an approximate total cost of over \$2.5 million, utilizing approximately \$2.5 million of the Town grant and other contributions. All but \$134,700 of the Town grant was drawn upon and utilized.

Note 10 – Financial Instruments, Credit Risk and Other Concentrations

The Society's financial instruments that potentially subject it to concentrations of credit risk consist of cash, accounts receivable and investments.

Cash – The Society maintains its cash accounts in high-quality financial institutions. At times, the amounts on deposit at any institution are in excess of insured limits. At June 30, 2020, based on bank balances, cash and cash equivalents in excess of FDIC insurance limits approximated \$970,000.

Note 10 – Financial Instruments, Credit Risk and Other Concentrations (Cont.)

Investments – Investments are managed by one investment advisor on a fee-only basis. The investments are diversified but are still subject to normal risks. In general, they are exposed to various risks, such as interest rate, credit, economic conditions, and overall market volatility. The Society's investments at June 30, 2020 consist of equity securities (67%), cash and cash equivalents (2%) and fixed income securities (31%) (see Note 5).

Support – The Society received \$2,238,212 from the Town of Plymouth for restoration of the National Memorial Meetinghouse, which represents approximately 50% of the Society's total support for the year ended June 30, 2020.

Note 11 – Liquidity and Availability of Resources

The Society's financial assets available within one year of June 30, 2020 for general expenditures are as follows:

Financial Assets:	
Cash and cash equivalents	\$ 490,622
Other receivables	15,375
Investments	10,668,544
	<u>11,174,541</u>
Less amounts restricted by donors and Board:	
Donor purpose restricted	(31,036)
Donor restricted endowment funds	(6,879,048)
Board designated endowment funds	(3,789,495)
	<u>(10,699,579)</u>
Plus releases during the next fiscal year:	
Endowment spending rate distributions	<u>401,600</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 876,562</u>

The Society has a policy to structure its financial assets to be available and liquid as obligations come due. The Society operates with a balanced budget and anticipates receiving sufficient revenue through contributions, member assessments and the sale of Society publications over the next twelve months to cover general expenditures. Additionally, the board designated endowment funds included in the schedule above can be made available for general expenditures, if necessary, at the discretion of the board.

Note 12 – Subsequent Events – Coronavirus Outbreak

During the second half of the Society's fiscal year, the novel coronavirus first identified in China has grown to become a widespread outbreak of a contagious respiratory disease affecting the human population. This health crisis, and related reactive mandates by governments around the world, have adversely affected global economies, including here in the United States.

In March of 2020 in Massachusetts, as in most other states, the Governor issued an emergency "stay at home" order forcing the closure of "non-essential" businesses and other organizations, and resulting in record levels of unemployment. During this period, as well as the subsequent months of July and August of 2020, the Society was able to continue certain of its operations, and all staff remained fully compensated.

Note 12 – Subsequent Events – Coronavirus Outbreak (Cont.)

Certain program events have been cancelled or rescheduled; however, the Society does not expect any collection issues or impacts related to dues and revenues as this time. Additionally, in May of 2020, the Society applied for, and received, a \$188,652 SBA Payroll Protection Program loan, which management expects will be fully forgiven (see Note 7).

In June, Massachusetts began a phased-in reopening of workplaces. However, the success of reopening plans, the spread or reoccurrence of the virus, and the economic disruptions nationally, internationally and locally, is uncertain. Likewise, it is uncertain at this time what adverse effects this may have, if any, on the Society's members and on its future operating results and financial position.