Young America's Foundation

Financial Statements

Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

Board of Directors
Young America's Foundation
Reston, VA

Opinion
We have audited the financial statements of Young America's Foundation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of Young America's Foundation, as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young America's Foundation, 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 Young America's Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Young America's Foundation'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 Young America's Foundation'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.

Dixon Hughes Goodman LLP

Tysons, VA
May 17, 2022

Young America's Foundation
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 15,226,197	$ 7,776,243
Investments and deferred compensation	51,265,306	43,777,440
Accounts receivable	631,178	1,202,645
Bequests receivable, current portion	5,041,192	919,544
Promises to give, current portion	1,120,758	1,898,508
Prepaid expenses	587,871	498,396
Total current assets	73,872,502	56,072,776
Cash held for long term purposes	100,000	100,000
Certificate of deposit, restricted	57,418	57,411
Bequests receivable, less current portion, net of discount	2,953,072	4,408,761
Promises to give, less current portion, net of discount	546,187	630,579
Property, building and equipment, net	26,261,970	27,402,655
Collections	2,260,027	2,259,896
Other assets	1,979,369	1,821,576
Total noncurrent assets	34,158,043	36,680,878
Total assets	$ 108,030,545	$ 92,753,654
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,292,576	$ 1,350,941
Annuities payable, current portion	116,523	119,008
Contract liabilities	27,330	27,330
Total current liabilities	1,436,429	1,497,279
Annuities payable, less current portion	847,307	901,191
Deferred rent	1,517,435	1,716,554
Deferred compensation plans	448,788	1,352,858
Total liabilities	4,249,959	5,467,882
Net assets:		
Without donor restrictions	50,456,987	45,209,522
With donor restrictions	53,323,599	42,076,250
Total net assets	103,780,586	87,285,772
Total liabilities and net assets	$ 108,030,545	$ 92,753,654

Young America's Foundation
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes:						
Contributions	**$ 21,968,469**	**$ 7,585,076**	**$ 29,553,545**	$ 15,204,301	$ 4,434,790	$ 19,639,091
Contribution for conveyance of entity	**-**	**-**	**-**	383,646	-	383,646
Bequests	**175,820**	**6,846,992**	**7,022,812**	880,112	5,632,634	6,512,746
Conference income	**248,920**	**-**	**248,920**	78,757	-	78,757
Speaker income	**142,306**	**-**	**142,306**	27,856	-	27,856
List rental income	**62,012**	**-**	**62,012**	78,655	-	78,655
Publication sales	**47,085**	**-**	**47,085**	17,184	-	17,184
Change in value of split interest agreement	**-**	**110,602**	**110,602**	-	227,109	227,109
Rental income	**88,021**	**-**	**88,021**	67,683	-	67,683
Investment income, net	**2,362,833**	**4,618,851**	**6,981,684**	1,225,812	3,517,930	4,743,742
Other income	**441**	**-**	**441**	25,928	-	25,928
Net assets released from restrictions	**7,914,172**	**(7,914,172)**	**-**	11,071,576	(11,071,576)	-
Total support and revenue	**33,010,079**	**11,247,349**	**44,257,428**	29,061,510	2,740,887	31,802,397
Expenses:						
Program services:						
Public information	**6,347,596**	**-**	**6,347,596**	5,194,680	-	5,194,680
Special projects	**16,246,891**	**-**	**16,246,891**	10,605,406	-	10,605,406
Total program services	**22,594,487**	**-**	**22,594,487**	15,800,086	-	15,800,086
Supporting services:						
Fundraising	**1,764,820**	**-**	**1,764,820**	2,019,410	-	2,019,410
Management and general	**3,403,307**	**-**	**3,403,307**	2,853,613	-	2,853,613
Total supporting services	**5,168,127**	**-**	**5,168,127**	4,873,023	-	4,873,023
Total expenses	**27,762,614**	**-**	**27,762,614**	20,673,109	-	20,673,109
Change in net assets	**5,247,465**	**11,247,349**	**16,494,814**	8,388,401	2,740,887	11,129,288
Net assets, beginning of year	**45,209,522**	**42,076,250**	**87,285,772**	36,821,121	39,335,363	76,156,484
Net assets, end of year	**$ 50,456,987**	**$ 53,323,599**	**$ 103,780,586**	$ 45,209,522	$ 42,076,250	$ 87,285,772

Young America's Foundation
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services			Supporting Services			
	Public Information	Special Projects	Total	Fundraising	Management and General	Total	Total
Advertising and marketing	$ 3,500	$ 1,239,934	$ 1,243,434	$ -	$ 2,313	$ 2,313	$ 1,245,747
Animal care	-	-	-	-	20,780	20,780	20,780
Bank fees and charges	116,231	-	116,231	40,244	125,027	165,271	281,502
Books, subscriptions and reference	-	145,675	145,675	275	60,953	61,228	206,903
Conferences, banquets & meetings	-	55,008	55,008	-	2,675	2,675	57,683
Depreciation expense	189,347	1,227,176	1,416,523	46,814	166,312	213,126	1,629,649
Equipment rental & maintenance	84,931	261,710	346,641	-	173,380	173,380	520,021
Equipment < $1000	-	3,210	3,210	-	22,191	22,191	25,401
Honoraria	-	738,900	738,900	-	-	-	738,900
Housing	-	927,043	927,043	-	53,987	53,987	981,030
Insurance	-	-	-	-	268,921	268,921	268,921
Landscaping & maintenance	-	1,960	1,960	-	204,654	204,654	206,614
List rental expense	121,573	-	121,573	35,919	-	35,919	157,492
Meals	90	1,403,391	1,403,481	-	104,329	104,329	1,507,810
Other expenses	-	-	-	-	27,759	27,759	27,759
Outsourcing & consulting	2,373,994	613,666	2,987,660	473,100	284,777	757,877	3,745,537
Payroll benefit fees	1,716	12,373	14,089	769	1,852	2,621	16,710
Payroll taxes	35,864	266,028	301,892	16,166	37,961	54,127	356,019
Personal property tax	3,666	256	3,922	-	41,562	41,562	45,484
Postage and shipping	1,124,242	94,001	1,218,243	447,561	126,388	573,949	1,792,192
Preservation expenses	-	2,011	2,011	-	179,586	179,586	181,597
Printing & copying	940,093	473,916	1,414,009	306,127	38,414	344,541	1,758,550
Professional development	-	6,000	6,000	-	7,793	7,793	13,793
Professional fees	180,511	94,395	274,906	439	130,088	130,527	405,433
Real estate tax	1,118	-	1,118	-	89,783	89,783	90,901
Rent and occupancy	79,200	579,332	658,532	35,490	292,818	328,308	986,840
Office repairs & maintenance	-	1,590	1,590	-	69,445	69,445	71,035
Salaries and benefits	676,165	4,925,836	5,602,001	306,684	691,471	998,155	6,600,156
Scholarships	-	164,900	164,900	-	-	-	164,900
Supplies	118,023	192,284	310,307	51,039	20,052	71,091	381,398
Taxes, other	-	-	-	-	5,415	5,415	5,415
License and registration fees	(250)	2,718	2,468	-	12,961	12,961	15,429
IT web services	288,224	1,799,132	2,087,356	-	46,543	46,543	2,133,899
Telephone & telecommunications	9,358	67,484	76,842	4,193	15,952	20,145	96,987
Travel	-	946,962	946,962	-	77,165	77,165	1,024,127
	$ 6,347,596	$ 16,246,891	$ 22,594,487	$ 1,764,820	$ 3,403,307	$ 5,168,127	$ 27,762,614

Young America's Foundation
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services			Supporting Services			
	Public Information	Special Projects	Total	Fundraising	Management and General	Total	Total
Advertising and marketing	$ 11,582	$ 689,281	$ 700,863	$ -	$ 1,624	$ 1,624	$ 702,487
Animal care	-	-	-	-	20,460	20,460	20,460
Bank fees and charges	49,105	-	49,105	22,119	77,271	99,390	148,495
Books, subscriptions and reference	8,501	152,523	161,024	-	44,374	44,374	205,398
Conferences, banquets & meetings	-	35,980	35,980	-	3,160	3,160	39,140
Depreciation expense	195,504	1,114,889	1,310,393	48,634	210,654	259,288	1,569,681
Equipment rental & maintenance	63,520	48,842	112,362	-	116,758	116,758	229,120
Equipment < $1000	(197)	476	279	-	17,516	17,516	17,795
Honoraria	-	470,550	470,550	-	-	-	470,550
Housing	-	300,663	300,663	-	35,945	35,945	336,608
Insurance	-	-	-	-	235,428	235,428	235,428
Landscaping & maintenance	-	-	-	-	85,268	85,268	85,268
List rental expense	199,054	-	199,054	88,733	-	88,733	287,787
Meals	-	508,259	508,259	-	86,341	86,341	594,600
Other expenses	218	-	218	95	109,488	109,583	109,801
Outsourcing & consulting	1,679,965	443,403	2,123,368	801,791	218,169	1,019,960	3,143,328
Payroll benefit fees	1,166	8,138	9,304	608	1,559	2,167	11,471
Payroll taxes	33,912	234,193	268,105	17,488	44,847	62,335	330,440
Personal property tax	-	-	-	-	39,205	39,205	39,205
Postage and shipping	1,316,392	144,964	1,461,356	365,419	94,572	459,991	1,921,347
Preservation expenses	-	-	-	-	487	487	487
Printing & copying	589,453	334,427	923,880	173,795	35,891	209,686	1,133,566
Professional development	-	17,880	17,880	-	896	896	18,776
Professional fees	9,450	50,653	60,103	8,249	101,824	110,073	170,176
Real estate tax	1,092	-	1,092	-	90,300	90,300	91,392
Rent and occupancy	74,313	520,367	594,680	38,749	235,822	274,571	869,251
Office repairs & maintenance	-	560	560	-	50,118	50,118	50,678
Salaries and benefits	653,608	4,443,585	5,097,193	323,537	807,582	1,131,119	6,228,312
Scholarships	-	113,363	113,363	-	-	-	113,363
Supplies	64,140	67,250	131,390	122,668	9,535	132,203	263,593
Taxes, other	-	-	-	-	1,535	1,535	1,535
License and registration fees	6,842	50	6,892	-	11,573	11,573	18,465
IT web services	222,629	350,593	573,222	-	9,207	9,207	582,429
Telephone & telecommunications	14,431	101,626	116,057	7,525	19,290	26,815	142,872
Travel	-	452,891	452,891	-	36,914	36,914	489,805
	$ 5,194,680	$ 10,605,406	$ 15,800,086	$ 2,019,410	$ 2,853,613	$ 4,873,023	$ 20,673,109

See accompanying notes.

Young America's Foundation
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

		2021		2020
Cash flows from operating activities:				
Change in net assets	$	**16,494,814**	$	11,129,288
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation		**1,629,649**		1,569,681
Change in value of split interest agreement		**(136,357)**		(177,905)
Realized and unrealized loss on investment related to annuities		**79,639**		129,583
Realized and unrealized gain on investment		**(6,301,756)**		(4,133,950)
Change in present value discount on promises to give and bequests		**498,663**		203,668
Receipt of restricted contributions, endowment		**(763,504)**		(1,395,597)
Change in:				
Accounts receivable		**571,467**		(264,092)
Bequests receivable, net		**(3,173,372)**		2,335,582
Promises to give, net		**870,892**		813,584
Prepaid expense		**(89,475)**		17,671
Other assets		**(21,436)**		(43,088)
Accounts payable and accrued expenses		**(58,365)**		(371,589)
Contract liabilities		**-**		4,395
Deferred rent		**(199,119)**		298,857
Deferred compensation plans		**(904,070)**		161,112
Net cash provided by operating activities		**8,497,670**		10,277,200
Cash flows from investing activities:				
Sales of investments		**2,969,095**		13,667,468
Purchases of investments		**(4,155,205)**		(22,341,415)
Purchases of certificates of deposit		**(7)**		(714)
Purchases of property, buildings and equipment		**(488,964)**		(1,176,004)
Purchases of collections		**(131)**		-
Net cash used by investing activities		**(1,675,212)**		(9,850,665)
Cash flows from financing activities:				
Payments of annuities		**(136,008)**		(198,914)
Payment of line of credit		**-**		(67,283)
Receipt of restricted contributions, endowment		**763,504**		1,395,597
Net cash provided by financing activities		**627,496**		1,129,400
Net change in cash and cash equivalents		**7,449,954**		1,555,935
Cash and cash equivalents, beginning of year		**7,876,243**		6,320,308
Cash and cash equivalents, end of year	$	**15,326,197**	$	7,876,243
Cash and cash equivalents and cash for long-term purposes consisted of the following at end of year:				
Cash and cash equivalents	$	**15,226,197**	$	7,776,243
Cash held for long term purposes		**100,000**		100,000
	$	**15,326,197**	$	7,876,243
Noncash transactions:				
Conveyance of entity	$	**-**	$	383,646
Donated securities	$	**1,816,246**	$	1,394,953

Notes to Financial Statements

1. Organization and Nature of Activities

Young America's Foundation (the "Foundation") is a not-for-profit organization chartered on November 18, 1969 and headquartered in Reston, Virginia. The Foundation was organized to promote, encourage, and support the development of youth leadership through a series of programs designed to assist young people in acquiring the techniques of leadership, experience in the national life, and generally to encourage leadership roles in the life of the community and nation.

The Foundation's two main programs are special projects and public information. The special projects include lectures, conferences, internships, Young Americans for Freedom student chapters, the National Journalism Center, and the Reagan Ranch program. The public information category provides educational and informational materials through the Foundation's media and communications activities including its web site, newsletters and mailings to the Foundation's target audience in support of its programs.

The Foundation's program activities include:

Premier youth-oriented conferences introducing students to the ideas that make our country great: individual freedom, limited government, a strong national defense, free enterprise, and traditional values. These conferences are held in various locations around the country and are geared to college and high school students.

Campus initiatives include lectures, training materials, and a network of Young Americans for Freedom student chapters. The Foundation provides conservative students with the necessary information, tools and resources to effectively advance conservative ideas on their college or high school campus.

The National Journalism Center is devoted to accuracy, balance, and comprehension of the issues, training students in the skills of press work, and assigning internships at cooperating media locations.

The Reagan Ranch, Western White House, program is devoted to preserving and protecting President Ronald Reagan's Rancho del Cielo located in California and educating young people on the President's ideas of individual freedom, limited government, patriotism and traditional values.

The Reagan childhood home in Dixon, Illinois, includes four properties that make up the Ronal Reagan Home Preservation Foundation (RRHPF).

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying policies of the organization are in accordance with accounting principles generally accepted in the United States of America applied on a basis consistent with that of the preceding years. The Foundation reports information regarding its financial position and activities under standards for not-for-profit organizations issued by the Financial Accounting Standards Board (FASB).

Basis of accounting

These financial statements are prepared under the accrual basis of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

Estimates

The preparation of the 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. These estimates also affect the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates and assumptions.

Classification of net assets

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Under the standards for not-for-profit organizations issued by FASB, the Foundation is required to report information regarding its financial position and activities in two classes of net assets as follows:

> Net assets without donor restrictions – not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.
>
> Net assets with donor restrictions – subject to stipulations imposed to donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents

For financial statement purposes, the Foundation considers highly liquid debt instruments purchased with original maturities of ninety days or less to be cash equivalents. At times, the Foundation's cash may exceed federally insured limits. The Foundation does not believe that this results in any significant credit risk. Cash held for long-term purposes includes cash received with donor-imposed restrictions that limit their use to long-term purposes within net assets with donor restrictions.

Certificate of deposit

The certificate of deposit is valued at amortized cost and totaled $57,418 and $57,411 as of December 31, 2021 and 2020, respectively.

Investments

Investments are reported at fair value and contributions of marketable securities are recorded at their fair value at the date of donation. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the Statements of Activities. Dividends and interest are recognized as earned.

Accounts receivable

Accounts receivable are amounts due from colleges and universities for speaker reimbursements and contributions received postmarked by, but not deposited until after December 31. The Foundation uses the allowance method to account for amounts, if any, of its accounts receivable which are considered uncollectible. The Foundation bases its assessment for the allowance for doubtful accounts on historical losses and current economic conditions. Accounts receivable are determined to be past due on a contractual term of 30 days. There was no allowance for doubtful accounts as of December 31, 2021 and 2020.

Bequests receivable

The Foundation records bequests to be received as income when it has received notification from the estate of an unconditional bequest that is measurable. Bequests receivable are reviewed for collectability and a provision for uncollectible promises to give is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. The discounts on bequests are computed using a discount rate equal to the prevailing local borrowing rate. Amortization of the discount is included in bequest revenue. There was no allowance for uncollectible bequests as of December 31, 2021 and 2020.

Promises to give

Unconditional promises to give are recorded as contributions when received. Amounts expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on promises to give made prior to January 1, 2009 are computed using risk-free interest rates applicable to the years in which the amounts are pledged. The discounts on promises to give made after January 1, 2009 are computed using a discount rate equal to the prevailing local borrowing rate. Amortization of the discount is included in contribution revenue. Management does not believe that an allowance for uncollectible promises to give is necessary.

Property and equipment

Property, buildings and equipment are stated at cost and are depreciated using the straight-line method over an estimated useful life of three to five years for equipment and thirty to forty years for property. Property, building and equipment additions and improvements acquired at a cost greater than $1,000 are capitalized. Contributed property and equipment is recorded at fair value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as contributions with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as contributions without donor restrictions.

Leasehold improvements

Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the asset.

Collections

The Foundation's collections are made up of historical treasures that are held for educational and curatorial purposes. Collections have been recorded as assets at cost, if purchased, or at estimated fair value as of the date of contribution, if contributed. Depreciation is not recorded on collections.

Beneficial interest in remainder trusts

The Foundation is named as the beneficiary in remainder trusts held by third parties. The trusts, which are invested in cash equivalents, equity and fixed income funds and other assets, are measured at the present value of the future distribution expected to be received over the term of the agreement. The discount rates used in the present value calculation are between 7% and 7.5%. The trusts are included in other assets on the Statements of Financial Position.

Beneficial interest in perpetual trust

The Foundation is named as the beneficiary in a perpetual trust held by a third party. Perpetual trusts are initially recorded as permanently restricted public support (bequest or contribution revenue, depending on the initial source of the gift) at fair value, based on the Foundation's interest in the fair value of the underlying trust assets at the time of the gift. Subsequent changes to the trust's fair value are reported as permanently restricted net unrealized gains or losses on perpetual trusts and are included in change in value of split interest agreement on the Statements of Activities. Income received from the trust is reported as investment income with or without donor restrictions, depending on the existence or absence of donor-imposed restrictions. The trust is included in other assets on the Statements of Financial Position.

Under the term of the trust, the Foundation has an irrevocable right to receive a portion of the income earned on the trust assets in perpetuity. Distributions from the trust are based on the terms of the underlying trust agreement and generally require that investment income be distributed on at least an annual basis. The trust is invested in cash equivalents, municipal bonds, preferred securities, common stocks, mutual funds, real estate trusts and funds and real property.

Annuities payable

The liability for annuities is based on actuarially determined present values considering the income, beneficiaries and applicable discount rates based on federal tables. Actuarial adjustments are recognized in the Statements of Activities for the changes in the value and are included in change in value of split interest agreements (see Note 11).

Deferred rent

The Foundation recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease. Differences between amounts recognized as expense and the amounts actually paid are recorded as deferred rent on the Statements of Financial Position.

Revenue recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. Contributions considered to be nonexchange transactions that include donor-imposed conditions are recognized as revenue when the condition is met.

Conference and speaker income are recorded as revenue in the applicable period when the event occurs. List rental income is recorded as revenue when a contract with a mailing house is fulfilled. Publication sales revenue are recognized at the point of the sale of the materials. Revenue received in advance of the period in which it is earned is deferred to subsequent periods. Contract liabilities are comprised of conference revenue received in advance.

In-kind contribution - In-kind contributions are recorded at their fair value at the earlier of when promised or received, provided there is an objective basis for such valuation.

Bequests – income from bequests is recognized when notification is received from the estate of an unconditional bequest that is measurable.

Conference income **-** Conference income is recognized on the date that the conference takes place.

Speaker income **-** Speaker income is recognized on the date the speech takes place.

List rental income **-** List rental income is recognized when a contract with a mailing house is fulfilled.

Publication sales **-** Publication sales income is recognized at the point of the sale of the materials.

Disaggregation of revenue from contracts with customers

The following table disaggregates the Foundation's revenue based on the timing of satisfaction of performance obligation for the years ended December 31:

	2021	2020
Performance obligations satisfied over time	$ -	$ -
Performance obligations satisfied at a point in time	500,323	202,452
	$ 500,323	$ 202,452

Variable considerations

There is rarely variable consideration included in the Foundation's contracts with customers.

Donated securities

The Foundation classifies cash receipts from the sale of donated securities that upon receipt were converted nearly immediately into cash and contained no donor-imposed restrictions as cash flows from operations on the Statements of Cash Flows, while cash receipts from the sale of donated securities with donor-imposed long-term restrictions are classified as financing activities. Otherwise, receipts from the sale of donated securities are classified as cash flows from investing activities.

Functional allocation of expenses

The costs of furthering the mission of the Foundation through programs and activities are reflected in the financial statements on a functional basis. As such, certain costs have been allocated among programs and supporting activities. Management on a fair and equitable basis determines such allocations.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries & benefits	Time and effort
Depreciation	Department salary
Rent & occupancy	Department salary
Postage & shipping	Analysis of purpose
Printing	Analysis of purpose
Equipment rental & maintenance	Analysis of purpose
Outsourcing & consulting	Analysis of purpose
Professional fees	Analysis of purpose
Information technology	Analysis of purpose
Travel	Analysis of purpose
Meals	Analysis of purpose

Costs of joint activities

The Foundation accounts for costs of joint activities which are part fundraising and have elements of one or more other functions, such as program or management and general, according to certain criteria of purpose, audience and content in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2021 and 2020, advertising costs totaled $1,024,034 and $550,462, respectively.

Income tax status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. Therefore, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2021 and 2020. The Foundation is classified as a public charity.

Recently issued accounting standards

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases". Under the new standards, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Foundation January 1, 2022, and the Foundation is currently evaluating the effect this accounting standard may have on its financial statements.

Gifts in kind

The FASB issued ASU 2020-07, "Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets" to increase transparency related to contributed nonfinancial assets (gifts in kind) through enhancements to presentation and disclosures. ASU 2020-07 is effective for the Foundation on January 1, 2022, and the Foundation is currently evaluating the effect this accounting standard may have on its financial statements.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 17, 2022, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

3. Availability and Liquidity

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Foundation seeks to cover 2 months of budgeted operational expenses (approximately $4 million). Excess cash is invested in the Foundation's investment portfolio (see Note 5). The Foundation keeps average days cash on hand of 60 days at December 31, 2021.

Financial assets available for general expenditure within one year of the statements of financial position consist of the following at December 31, 2021 and 2020:

	2021	2020
Current financial assets:		
Cash and cash equivalents	**$ 15,226,197**	$ 7,776,243
Investments and deferred compensation	**51,265,306**	43,777,440
Accounts receivable, net	**631,178**	1,202,645
Bequests receivable, current portion	**5,041,192**	919,544
Promises to give, current portion	**1,120,758**	1,898,508
Prepaid expenses	**587,871**	498,396
Total current financial assets	**73,872,502**	56,072,776
Less amounts not available to be used within one year:		
Net assets with donor restrictions	**53,323,599**	42,076,250
Financial assets available to meet general expenditures over the next twelve months	**$ 20,548,903**	$ 13,996,526

4. Risk and Uncertainties

The Foundation invests in various investment securities that are exposed to different risks such as interest rate, credit and market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the Foundation's account balances and amounts reported in the Statements of Financial Position.

5. Investments

The Foundation considers investment return on restricted funds to be investment income without donor restrictions if restrictions are met during the fiscal year. The Foundation received donations with respect to charitable gift annuities from various donors (see Note 11). The funds are restricted until the obligations under the annuities have been met.

Investments consisted of the following as of December 31:

	2021	2020
Money market mutual funds	**$ 2,757,497**	$ 2,449,154
Domestic equity mutual funds	**37,873,666**	31,291,556
Equities	**4,641,454**	3,167,572
Fixed income mutual funds	**5,552,239**	6,347,059
Government securities	**437,258**	522,099
Exchange traded funds	**3,192**	-
Total investments	**$ 51,265,306**	$ 43,777,440

Investment income consisted of the following for the year ended December 31:

	2021	2020
Investment income:		
Interest and dividends	**$ 922,311**	$ 709,330
Investment fees	**(105,042)**	(96,630)
Realized and unrealized gains	**5,993,393**	3,926,992
Gross investment income	**6,810,662**	4,539,692
Plus: investment income included in change in value of annuities	**171,022**	204,050
Total investment income, net	**$ 6,981,684**	$ 4,743,742

6. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures,* provides the framework for measuring and reporting financial assets and liabilities at fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The codification establishes a three-level hierarchy which prioritizes the inputs used in measuring fair values. These tiers include:

Level 1: quoted prices in active markets for identical assets or liabilities as of the reporting date;

Level 2: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves).

Level 3: uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for asset measurements at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual funds*:* Valued at the quoted market value of the net asset value (NAV) of shares held by the Foundation at year end. The mutual funds held by the Foundation are deemed to be actively traded.

Equity securities: Valued at the closing price reported in the active market in which individual securities are traded.

Government securities: Valued at the quoted market price or dealer quotes for similar instruments that are used to estimate the fair value.

Exchange traded funds: Valued at the quoted market price of the net asset value (NAV) of shares held by the Foundation at year-end.

The tables below summarize investments, by level, for items measured at fair value on a recurring basis at December 31, 2021 and 2020:

	Fair Value as of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in remainder trusts	$ -	$ -	$ 414,932	$ 414,932
Beneficial interest in perpetual trust	$ -	$ -	$ 1,290,733	$ 1,290,733
Charitable gift annuity liability	$ -	$ -	$ (963,830)	$ (963,830)
Investments:				
Money market mutual funds	$ 2,757,497	$ -	$ -	$ 2,757,497
Domestic equity mutual funds	37,873,666	-	-	37,873,666
Equities	4,641,454	-	-	4,641,454
Fixed income mutual funds	5,552,239	-	-	5,552,239
Government securities	-	437,258	-	437,258
Exchange traded funds	3,192	-	-	3,192
Total investments	$ 50,828,048	$ 437,258	$ -	$ 51,265,306

	Fair Value as of December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in remainder trusts	$ -	$ -	$ 378,091	$ 378,091
Beneficial interest in perpetual trust	$ -	$ -	$ 1,191,217	$ 1,191,217
Charitable gift annuity liability	$ -	$ -	$ (1,020,199)	$ (1,020,199)
Investments:				
Money market mutual funds	$ 2,449,154	$ -	$ -	$ 2,449,154
Domestic equity mutual funds	31,291,556	-	-	31,291,556
Equities	3,167,572	-	-	3,167,572
Fixed income mutual funds	6,347,059	-	-	6,347,059
Government securities	-	522,099	-	522,099
Total investments	$ 43,255,341	$ 522,099	$ -	$ 43,777,440

The Foundation recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2021 and 2020.

Level 3 beneficial interest in remainder trusts, which are invested in cash equivalents, equity and fixed income funds, and other assets are measured at the present value of the future distributions expected to be received over the term of the agreement, discounted at rates between 7% and 7.5%, which reflect current market conditions, adjusted for the life expectancy of the lead beneficiary using IRS actuarial tables.

The following is a reconciliation of the beginning to ending balance of the beneficial interests in remainder trusts measured at fair value using significant unobservable inputs (level 3) during the periods ended December 31:

Beneficial interest in remainder trusts	**2021**	**2020**
Beginning balance	**$ 378,091**	$ 348,082
Unrealized gain (loss) on trusts	**36,841**	30,009
Ending balance	**$ 414,932**	$ 378,091

The valuation of the beneficial interest in the perpetual trusts falls under level 3, as there are no significant observable inputs. The trust valuation is based on the Foundation's interest in the fair value of the underlying trust assets.

The following is a reconciliation of the beginning to ending balance of the beneficial interest in perpetual trust measured at fair value using significant unobservable inputs (Level 3) during the periods ended December 31:

Beneficial interest in perpetual trust	**2021**	**2020**
Beginning balance	**$ 1,191,217**	$ 1,043,321
Change in value	**99,516**	147,896
Ending balance	**$ 1,290,733**	$ 1,191,217

The unrealized gain (loss) on trusts is the change in value of the split-interest agreement and is recorded in revenue on the Statements of Activities.

The Level 3 charitable gift annuity liability is valued using the income approach, in the form of present value using interest rates ranging from 1% and 6%, and the 2000 Annuity life expectancy tables as of December 31, 2021 and 2020. As of January 1, 2015, any new gift annuity received is discounted based on the 2012 IAR table. The discount rate is determined based on the individual annuity agreement. The discount associated with the liability is adjusted for changes in life expectancies.

The following is a reconciliation of the beginning to ending balance of the charitable gift annuity liability measured at fair value using significant unobservable inputs (level 3) during the years ended December 31:

Charitable gift annuity liability	**2021**	**2020**
Beginning balance	**$ 1,020,199**	$ 1,089,530
Payments	**(136,008)**	(198,914)
Actuarial change in value	**79,639**	129,583
Ending balance	**$ 963,830**	$ 1,020,199

The following tables summarize the valuation techniques and significant unobservable inputs used for the Foundation's assets and liabilities categorized within Level 3 of fair value hierarchy at December 31, 2021 and 2020:

Assets and liabilities	**Valuation Techniques**	**Unobservable Input**	**Range of Significant Input Values**	**Fair Value at December 31, 2021**
Beneficial interest in remainder trusts	**Income approach**	**Discount rate**	**7% - 7.5%**	**$ 414,932**
	Present value of future cash flows	**Life expectancy**	**IRS Actuarial Table Pub. 1458**	
Beneficial interest in perpetual trust	**Income approach Discounted cash flow analysis of assets contributed to the trust**	**Beneficial interest based on assets contributed to the trust**	**N/A**	**$ 1,290,733**
Charitable gift annuity liability	**Income approach**	**Discount rate**	**1% - 6%**	**$ 963,830**

Assets and liabilities	Valuation Techniques	Unobservable Input	Range of Significant Input Values	Fair Value at December 31, 2020
	Present value of future cash flows	Life Expectancy	Annuity 2000 Tables and 2012 IAR Tables	
Beneficial interest in remainder trusts	Income approach	Discount rate	7% - 7.5%	$ 378,091
	Present value of future cash flows	Life expectancy	IRS Actuarial Table Pub. 1458	
Beneficial interest in perpetual trust	Income approach Discounted cash flow analysis of assets contributed to the trust	Beneficial interest based on assets contributed to the trust	N/A	$ 1,191,217
Charitable gift annuity liability	Income approach	Discount rate	1% - 6%	$ 1,020,199
	Present value of future cash flows	Life expectancy	Annuity 2000 Tables and 2012 IAR Tables	

7. Promises to Give

Promises to give are comprised of the following at December 31:

	2021	2020
Promises to give expected in:		
Less than one year	**$ 1,120,758**	$ 1,898,508
Two to five years	**595,132**	688,274
	1,715,890	2,586,782
Less: discount	**(48,945)**	(57,695)
Total promises to give, net	**$ 1,666,945**	$ 2,529,087

Unconditional promises to give are discounted to their present value using risk free rates of return rates between 2.36% and 4.51%.

As of December 31, 2021, four donors had pledge balances outstanding which represented 72% of total promises to give. As of December 31, 2020, one donor had a pledge balance outstanding which represented 39% of total promises to give.

8. Bequests Receivable

Bequests receivable are comprised of the following at December 31:

	2021	2020
Bequests expected in:		
Less than one year	**$ 5,041,192**	$ 919,544
One to five years	**3,889,654**	4,837,931
	8,930,846	5,757,475
Less: discount	**(936,582)**	(429,170)
Total bequests receivable, net	**$ 7,994,264**	$ 5,328,305

Bequests receivable are discounted to their present value using a risk-free rate of return rates between 3.26% and 3.44%.

As of December 31, 2021, three donors had bequest receivable balances outstanding which represent 75% of total bequest receivables. As of December 31, 2020, three donors had bequest receivable balances outstanding which represent 88% of total bequest receivables.

9. Property, Buildings and Equipment

Property, buildings and equipment is as follows at December 31:

	2021	2020
Land and improvements	**$ 12,435,322**	$ 12,435,322
Buildings and improvements	**24,866,871**	25,045,682
Furniture and equipment	**5,324,529**	4,838,370
Vehicles	**177,044**	177,044
Construction in progress	**804,230**	622,613
	43,607,996	43,119,031
Less: accumulated depreciation	**(17,346,026)**	(15,716,376)
Property, buildings and equipment, net	**$ 26,261,970**	$ 27,402,655

Among other properties, the Foundation owns and maintains a 688-acre ranch in California, previously owned by President and Mrs. Ronald Reagan. The Foundation considers this ranch to be a historic treasure. Property, buildings and equipment include the cost of the Reagan Ranch.

In 2017, the Foundation purchased the Smith Ranch in California, which is adjacent to the Reagan Ranch.

In 2018, the Foundation purchased a house in Washington, D.C. The space serves as a unique location for intimate receptions, supporter dinners and meetings, staff and ally office space, National Journalism Center and alumni gatherings and as well as other smaller events.

In 2020, the Foundation was conveyed the Ronal Reagan Home Preservation Foundation (RRHPF) in Dixon, Illinois, which included all assets and liabilities. RRHPF owned four properties in Dixon, Illinois, which included President Ronald Reagan's boyhood home, all of which were conveyed to the Foundation.

Depreciation expense totaled $1,629,649 and $1,569,681 for the years ended December 31, 2021 and 2020, respectively.

10. Collections

The Foundation holds collections for education purpose such as exhibition to the public or public research and not for financial gain. These items are protected, cared for and preserved in keeping with standard practice. The Foundation has not adopted a policy that requires revenue from the sale of any collections to be reinvested in other collections. The Foundation has no plans to sell these collections.

11. Annuities

The Foundation has established a gift annuity plan where donors may contribute assets to the Foundation in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax and financial statement purposes.

The Foundation invests the assets in a financial institution separately from its other investments and considers these investments to be net assets with donor restrictions until the beneficiary's death. The Foundation maintains a separate brokerage account specifically for charitable gift annuities governed by the laws of California. The balance of this account at December 31, 2021 and 2020 totaled $863,353 and $863,630, respectively. Total assets separately maintained as cash and investments relating to charitable gift annuities totaled $1,879,173 and $1,920,830 as of December 31, 2021 and 2020, respectively.

The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as contributions with donor restrictions at the date of the gift, since the gift portion is restricted until the obligations under the annuity have been met.

Income earned on annuity investments and distributions paid are credited and charged, respectively, against donor restricted revenue. For the years ended December 31, 2021 and 2020, contributions related to gift annuities were $0 and $0, respectively. Gift annuity liabilities terminated as a result of annuitant deaths during 2021 and 2020 were $68,671 and $4,673, respectively. The annuity liability is adjusted annually based upon actuarially computed present values.

The change in investments segregated for annuities which is included in change in value of split interest agreement in the accompanying statements of activities, consists of the following at December 31:

	2021	2020
Investment income	**$ 91,844**	$ 47,253
Realized and unrealized gains	**79,178**	167,337
Investment fees	**(11,626)**	(10,468)
Payout at death	**(68,671)**	4,673
Actuarial adjustment	**(79,639)**	(129,583)
Change in value of investments segregated for annuities	**$ 11,086**	$ 79,212

12. Letter of Credit

A letter of credit for $55,778 has been issued on behalf of the Foundation by a bank in Virginia. The beneficiary is a business which requires it as part of a leasing agreement. The letter of credit expires on October 31, 2022.

13. Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purpose at December 31:

	2021	2020
Purpose restricted for period after December 31:		
Program assistance: unappropriated endowment earnings	**$ 7,872,765**	$ 4,616,500
Restricted contributions – Student education	**348,353**	336,586
Restricted contributions – Student conferences	**2,654,090**	808,505
Boyhood home	**508,338**	-
Ranch house fund	**5,093,915**	1,957,000
Ranch programs	**175,000**	903,573
	16,652,461	8,622,164
Time restricted for period after December 31:		
Beneficial interests in charitable trusts	**414,932**	378,091
Bequests receivable	**5,930,846**	2,757,475
Gift annuities	**915,343**	900,631
Promises to give	**1,715,890**	2,586,782
	8,977,011	6,622,979
Perpetual endowment		
High school conference	**1,900,000**	1,900,000
Internships	**285,754**	275,000
Reagan Ranch endowment	**11,790,429**	11,790,429
Reagan Ranch manager	**1,000,000**	1,000,000
Promises to give-Student education	**3,000,000**	3,000,000
Student education	**518,761**	518,761
Scholarships	**2,765,750**	2,113,000
Yale lecture series	**800,000**	800,000
General funds	**4,342,700**	4,242,700
Beneficial interest in perpetual trust	**1,290,733**	1,191,217
	27,694,127	26,831,107
Net assets with donor restrictions	**$ 53,323,599**	$ 42,076,250

14. Net Assets Released from Restriction

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by the donor, are as follows for the years ended December 31:

	2021	2020
Appropriated endowment earnings net of endowment investment return	**$ 1,362,586**	$ 1,244,193
Time restricted	**6,224,513**	8,666,884
Purpose restricted	**327,073**	1,160,499
Net assets released from restriction	**$ 7,914,172**	$ 11,071,576

15. Endowment Funds

The Foundation's endowment consists of restricted contributions established for a variety of purposes (see Note 13). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net assets are composed entirely of donor-restricted funds.

Interpretation of relevant law

Management of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions – perpetual endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

i. The duration and preservation of the fund;

ii. The purposes of the organization and donor-restricted endowment fund;

iii. General economic conditions;

iv. The possible effect of inflation and deflation;

v. The expected total return from income and appreciation of investments;

vi. Other resources of the organization;

vii. The investment policies of the organization.

Changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	**$ -**	**$ 27,256,391**	**$ 27,256,391**
Investment return:			
Investment income	**-**	**10**	**10**
Net appreciation (realized and unrealized)	**-**	**4,618,841**	**4,618,841**
Total investment return	**-**	**4,618,851**	**4,618,851**
Contributions	**-**	**763,504**	**763,504**
Appropriation of endowment assets for expenditure	**-**	**(1,362,586)**	**(1,362,586)**
Endowment net assets, end of year	**$ -**	**$ 31,276,159**	**$ 31,276,159**

Changes in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 23,734,952	$ 23,734,952
Investment return:			
Investment income	-	60	60
Net appreciation (realized and unrealized)	-	3,517,871	3,517,871
Total investment return	-	3,517,931	3,517,931
Contributions	-	1,247,701	1,247,701
Appropriation of endowment assets for expenditure	-	(1,244,193)	(1,244,193)
Endowment net assets, end of year	$ -	$ 27,256,391	$ 27,256,391

The endowment excludes promises to give which are included in net assets with donor restrictions on the Statements of Financial Position.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to return as a fund of perpetual duration. As of December 31, 2021 and 2020, there were no deficiencies from endowment funds.

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under the investment policy, the endowment assets are invested primarily in level one investments to assume a low level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of 5% annually. Actual return in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a return strategy in which investment returns are achieved through current yield (interest and dividends) and capital appreciation.

Spending policy and how the investment objectives relate to spending policy

The Foundation has a policy of appropriating for distribution each year the income earned on the endowment funds. In establishing this policy, the Foundation uses a 5% payout rate. Accordingly, over the long-term, the Foundation expects the current spending policy to remain consistent. This is consistent with the Foundation's objective to preserve the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

16. Concentration of Revenue

For the year ended December 31, 2021, five donors contributed 14% of total support and revenue. For the year ended December 31, 2020, one donor contributed 10% of total support and revenue.

17. Allocation of Joint Costs

During 2021 and 2020, the Foundation incurred joint costs of $5,828,282 and $5,386,079, respectively, for information materials primarily related to direct mail, house file mailing and newsletters that included fundraising appeals. Pursuant to joint cost rules (see Note 1), these costs were allocated to the functional areas as follows for the years ended December 31:

	2021	2020
Program Services	$ **4,567,347**	$ 3,843,975
Fundraising	**1,260,935**	1,542,104
Total	$ **5,828,282**	$ 5,386,079

18. Future Minimum Lease Payments

The Foundation entered into a lease agreement in December 2013 for headquarters office space in Reston, Virginia. The lease contained a tenant allowance and rent abatement. The lease commenced in 2014 and was amended on November 1, 2019 with a term of 118 months.

Minimum future rental payments under the operating lease as of December 31, 2021 in the aggregate are as follows:

2022	$ 879,778
2023	904,029
2024	928,800
2025	954,279
2026	980,472
Thereafter	2,924,672
	$ 7,572,030

Rent expense for the years ended December 31, 2021 and 2020 totaled $771,320 and $730,883, respectively.

The Foundation maintains operating leases for a postage and a copier machine. The leases expire in May 2026 and July 2024, respectively. Additionally, the Foundation also has an operating lease for a copier at the Reagan Ranch. The lease expires in February 2023.

Future minimum lease payments under the operating leases as of December 31, 2021 are as follows:

2022	$ 10,622
2023	885
	$ 11,507

19. Pension Plan

The Foundation offers a tax-sheltered 403(b) annuity plan to its employees. All full-time employees are eligible for participation on the first of the month following the date of employment. No contributions were made by the Foundation to the plan in either 2021 or 2020.

20. Deferred Compensation Plans

The Foundation has established a nonqualified deferred compensation plan (457(b) Plan) for members of management. Assets held in the 457(b) plan were $405,552 and $492,726 as of December 31, 2021 and 2020, respectively. A deferred compensation liability in the same respective amounts, representing employee contributions, is included in the accompanying Statements of Financial Position. The assets held for the plan are distributed upon termination of employment and until that time, remain subject to the claims of the Foundation's general creditors.

The Foundation also entered into a deferred compensation plan under section 457(f) of the Internal Revenue Code with its current and former presidents. Assets held in the plan were $43,235 and $860,131 as of December 31, 2021 and 2020, respectively. A deferred compensation liability in the same respective amount, representing employer contributions, is included in the accompanying Statements of Financial Position. Employer contributions to the plan totaled $50,000 and $0 for the years ended December 31, 2021 and 2020, respectively.

21. Related Party Transactions

Two board members were engaged as conference speakers during 2021 and four during 2020 and received honoraria for their services. Amounts purchased or incurred with these related parties totaled approximately $18,000 and $9,900 for the years ended December 31, 2021 and 2020, respectively. There were no amounts owed to related parties as of December 31, 2021 and 2020. Board members are prohibited from participating in decisions for which they have an interest. Board members contributed approximately $54,000 and $24,400 for the years ended December 31, 2021 and 2020, respectively, to the Foundation.

22. Hotel Commitments

The Foundation typically signs contracts with hotels for future events a year or longer in advance of the event. It is also not unusual for a cancellation clause to be included in these hotel contracts. At December 31, 2021, the Foundation had twenty hotel contracts that include cancellation clauses. These cancellation clauses require the payment of a cancellation fee if the Foundation cancels the event up to approximately $1,178,000.

23. Conveyance of Entity

In December 2020, the Foundation was conveyed the Ronald Reagan Home Preservation Foundation (RRHPF) in Dixon, Illinois, which included all assets and liabilities. The RRHPF's exempt purpose was to preserve and maintain President Ronald Reagan's boyhood home, as well as make it available for tours to the public. The Foundation paid off RRHPF's Small Business Administration loan of approximately $100,000 concurrent with the conveyed assets and liabilities. The Foundation recorded the conveyance at the fair value of its assets and liabilities as follows:

Fair value of assets conveyed	$ 527,382
Net cash transfer	(70,986)
Liabilities assumed	(72,750)
Contribution for conveyance of entity	$ 383,646