

**WOMEN IN MILITARY SERVICE FOR AMERICA  
MEMORIAL FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Women In Military Service for America Memorial Foundation, Inc.  
Arlington, Virginia

We have audited the accompanying financial statements of Women In Military Service for America Memorial Foundation, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

Board of Directors  
Women In Military Service for America Memorial Foundation, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women In Military Service for America Memorial Foundation, Inc. as of December 31, 2020 and 2019, 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.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2020 the Women In Military Service for America Memorial Foundation, Inc. adopted new accounting guidance for recognizing revenue from contracts with customers. Our opinion is not modified with respect to this matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Arlington, Virginia  
June 18, 2021

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,537,563	\$ 3,257,372
Grant and Contributions Receivable	74,162	125,000
Other Accounts Receivable	46,789	108,698
Inventory	86,977	65,174
Prepaid Expenses	29,743	38,278
Total Current Assets	2,775,234	3,594,522
<b>INVESTMENTS</b>	2,608,802	2,562,983
<b>GRANT RECEIVABLE, NET OF CURRENT PORTION</b>	50,000	-
Less: Discount to Present Value	(1,574)	-
Net Grant Receivable, Net of Current Portion	48,426	-
<b>PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS, NET</b>	263,914	325,772
<b>MEMORIAL, NET</b>	8,005,664	7,993,857
<b>OTHER ASSETS</b>	31,294	36,614
Total Assets	\$ 13,733,334	\$ 14,513,748
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 360,268	\$ 664,111
Refundable Advances	1,335,081	2,256,452
Capital Lease Obligation	14,635	13,386
Total Current Liabilities	1,709,984	2,933,949
<b>NONCURRENT LIABILITIES</b>		
Paycheck Protection Program Loan	229,600	-
Capital Lease Obligation, Net of Current Portion	7,482	19,425
Deferred Lease Obligation	631,322	674,199
Total Noncurrent Liabilities	868,404	693,624
Total Liabilities	2,578,388	3,627,573
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions:		
Board Designated - Net Cost of Memorial	8,005,664	7,993,857
Undesignated	2,987,064	2,760,532
Total Net Assets Without Donor Restrictions	10,992,728	10,754,389
Net Assets With Donor Restrictions:		
Purpose and Time Restricted	162,218	101,786
Held in Perpetuity	-	30,000
Total Net Assets With Donor Restrictions	162,218	131,786
Total Net Assets	11,154,946	10,886,175
Total Liabilities and Net Assets	\$ 13,733,334	\$ 14,513,748

See accompanying Notes to Financial Statements.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Federal Grant Revenue	\$ 2,386,371	\$ 3,588,077
Grants and Contributions	3,350,842	3,227,977
Memorial Events	25,569	140,550
Product Sales	42,497	135,530
Investment Income	10,385	36,935
Anniversary Celebration and Other	17,422	6,815
Net Assets Released from Restrictions:		
Satisfaction of Program Restrictions	109,573	100,000
Total Unrestricted Revenue and Support	5,942,659	7,235,884
 <b>EXPENSES</b>		
Program Service:		
Education	4,583,857	3,666,625
Total Program Service	4,583,857	3,666,625
Supporting Services:		
Management and General	748,327	627,166
Fundraising	372,136	388,715
Total Supporting Services	1,120,463	1,015,881
 Total Expenses	5,704,320	4,682,506
 Change in Net Assets Without Donor Restrictions	238,339	2,553,378
 <b>REVENUE AND SUPPORT WITH DONOR RESTRICTIONS</b>		
Contributions	140,005	7,098
Investment Income	-	6
Net Assets Released from Restrictions:		
Satisfaction of Program Restrictions	(109,573)	(100,000)
 Change in Net Assets With Donor Restrictions	30,432	(92,896)
 <b>CHANGE IN NET ASSETS</b>	268,771	2,460,482
 Net Assets - Beginning of Year	10,886,175	8,425,693
 <b>NET ASSETS - END OF YEAR</b>	\$ 11,154,946	\$ 10,886,175

See accompanying Notes to Financial Statements.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional and Consulting Fees	\$ 874,805	\$ 232,335	\$ 230,441	\$ 1,337,581
Salaries and Wages	995,822	318,454	20,221	1,334,497
Depreciation and Amortization	948,789	10,947	695	960,431
Repairs and Maintenance	939,674	672	43	940,389
Occupancy	237,102	75,822	4,815	317,739
Employee Benefits	178,112	56,958	3,617	238,687
Memorial Utilities	146,324	-	-	146,324
Mailing List Expense	-	-	108,843	108,843
Interest and Bank Fees	63,512	20,310	1,290	85,112
Education, Publicity, and Travel	46,562	-	320	46,882
Telephone	40,958	3,573	227	44,758
Miscellaneous	25,171	14,374	493	40,038
Insurance	21,775	6,963	442	29,180
Office Supplies	23,529	2,323	148	26,000
Cost of Products Sold or Given Away	21,046	-	-	21,046
Equipment Purchases	9,768	3,124	198	13,090
Taxes	7,429	1,359	272	9,060
Equipment Rental	3,479	1,113	71	4,663
	<hr/>			
Total Expenses	<u>\$ 4,583,857</u>	<u>\$ 748,327</u>	<u>\$ 372,136</u>	<u>\$ 5,704,320</u>

See accompanying Notes to Financial Statements.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 872,852	\$ 256,627	\$ 44,207	\$ 1,173,686
Professional and Consulting Fees	776,484	203,908	180,000	1,160,352
Depreciation and Amortization	935,393	18,764	3,232	957,429
Repairs and Maintenance	329,796	2,728	470	332,994
Occupancy	244,744	71,957	12,395	329,096
Mailing List Expense	22,424	-	136,372	158,796
Memorial Utilities	120,465	-	-	120,465
Employee Benefits	76,893	22,607	3,894	103,394
Interest and Bank Fees	66,246	19,477	3,355	89,078
Cost of Products Sold or Given Away	61,191	-	-	61,191
Miscellaneous	41,131	17,391	2,083	60,605
Telephone	36,666	3,414	588	40,668
Education, Publicity, and Travel	36,755	-	293	37,048
Insurance	22,896	6,732	1,160	30,788
Taxes	10,425	1,907	381	12,713
Office Supplies	9,300	783	135	10,218
Equipment Rental	2,964	871	150	3,985
	<u>\$ 3,666,625</u>	<u>\$ 627,166</u>	<u>\$ 388,715</u>	<u>\$ 4,682,506</u>
Total Expenses	<u>\$ 3,666,625</u>	<u>\$ 627,166</u>	<u>\$ 388,715</u>	<u>\$ 4,682,506</u>

See accompanying Notes to Financial Statements.



**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 268,771	\$ 2,460,482
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation and Amortization	960,431	957,429
Donated Investments	(36,166)	-
Realized Gains on Investments	(171)	-
Changes in Assets and Liabilities:		
Grants and Contributions Receivable	2,412	97,467
Other Accounts Receivable	61,909	(102,041)
Inventory	(21,803)	9,322
Prepaid Expenses and Other Assets	13,855	(30,706)
Accounts Payable and Accrued Expenses	(303,843)	371,596
Refundable Advances	(921,371)	(53,077)
Deferred Lease Obligations	(42,877)	(33,613)
Net Cash (Used) Provided by Operating Activities	(18,853)	3,676,859
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(45,819)	(950,371)
Proceeds from Sales of Investments	36,337	-
Acquisition of Memorial Assets	(910,380)	(2,484,130)
Net Cash Used by Investing Activities	(919,862)	(3,434,501)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Capital Lease Obligation	(10,694)	(17,301)
Proceeds from Borrowings from Paycheck Protection Program Loan	229,600	-
Net Cash Provided (Used) by Financing Activities	218,906	(17,301)
 <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(719,809)	225,057
Cash and Cash Equivalents - Beginning of Year	3,257,372	3,032,315
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,537,563	\$ 3,257,372
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 926	\$ 1,342

See accompanying Notes to Financial Statements.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Women In Military Service for America Memorial Foundation, Inc. (the Foundation) is a nonprofit organization incorporated on September 6, 1985, under the provisions of the District of Columbia Nonprofit Corporation Act. The Foundation was authorized by Congress in Public Law 99-610 to construct a memorial on federal land in the District of Columbia and its environs (the Memorial) to help educate the general public regarding the contributions of women who serve or have served in the armed forces of the United States of America. These activities are funded primarily through contributions, product sales, and grants.

The Memorial is the only major national memorial that honors and pays tribute to all women who have been or are in America's armed forces; tells the story of their dedication, commitment and sacrifice; makes their historic contributions a visible part of America's national heritage; illustrates their partnership with men in defense of the nation; and inspires others to emulate, follow, and surpass them. The Memorial houses a Court of Valor and an Education Center, which includes a Hall of Honor, exhibit gallery, theater, and a computer database of the records of servicewomen called the Register. Through the Register, the general public may access photos, military histories, and the individual stories of servicewomen. The Memorial was dedicated and placed in service in October 1997.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

**Use of 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Cash and Cash Equivalents**

For financial statement purposes, the Foundation considers its checking and money market operating accounts, not held for investment, to be cash and cash equivalents.

**Inventory**

Inventory is recorded at the lower of cost or net realizable value using the average cost method and consists of memorabilia relating to the Memorial and the Foundation's educational mission.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are composed of money market funds and U.S. Treasury securities. These investments are recorded in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Money market funds held by investment managers or for long-term purposes are considered investments.

**Concentration of Credit Risk**

Financial instruments that subject the Foundation to a concentration of credit risk consist of demand deposits placed with financial institutions which may, at times, exceed the Federal Deposit Insurance Corporation limits.

**Income Tax Status**

The Foundation is exempt from federal income tax on its exempt activities under Section 501(c)(3) of the Internal Revenue. No provision for taxes was required for the years ended December 31, 2020 and 2019, as the Foundation had no net unrelated business income.

The Foundation follows the accounting standard regarding the recognition and measurement of uncertain tax positions. The Foundation evaluated its tax positions and determined that its tax positions are more likely than not to be sustained on examination.

**Fair Value of Financial Instruments**

**Fair Value Measurements**

The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The Foundation accounts for certain financial assets and liabilities at fair value under various accounting literature, and also accounts for certain assets at fair value under applicable industry guidance.

**Fair Value Hierarchy**

The Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

**Fair Value Hierarchy (Continued)**

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include, among others, quoted prices for similar assets or liabilities in active market or non-active market.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions a market participant would use in pricing the asset or liability.

**Furniture, Equipment, and Leasehold Improvements**

Furniture and equipment are stated at cost and are depreciated on a straight-line method over estimated useful lives of three years. Leasehold improvements are amortized using the straight-line method over the term of the lease. Acquisitions of furniture and equipment with a life of greater than one year and a cost greater than \$5,000 are capitalized at cost and depreciated or amortized over the estimated useful lives of the assets.

**Memorial Construction and Related Costs**

Direct costs of designing and constructing the Memorial were capitalized as incurred and are depreciated on a straight-line basis over an estimated useful life of approximately 30 years. Structural repairs including the fountain craft work and HVAC system replacement and repairs are depreciated on a straight-line bases over estimated useful lives of 20 and 39 years, respectively. Data Register development costs, which are included in capitalized Memorial costs, represent the costs, including direct labor of the Foundation’s staff, associated with establishing the National Data Registry to honor women veterans. The Data Register is depreciated on a straight-line basis over an estimated useful life of approximately 30 years. Education Center development costs, which are included in capitalized Memorial costs, represent the costs, including direct labor of the Foundation’s staff through the dedication date of the Memorial, associated with creating and compiling the exhibits to honor women veterans and educate visitors at the Memorial. The Education Center is also depreciated on a straight-line basis over an estimated useful life of approximately 30 years.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Collections**

The Foundation receives items of historical significance donated for exhibition at the Memorial. These items include military uniforms and other gear from all military service branches; private diaries and letters from women in the military; and photos, posters, newspapers, and other published materials relating to women who have served or are serving in the military. It is not the Foundation's policy to capitalize these items. The Foundation maintains detailed records of all donations, has policies and procedures addressing the upkeep and preservation of these items, and displays a selection of the collection items at the Memorial. The Foundation had no significant deaccessions or disposals of collections during the years ended December 31, 2020 and 2019.

**Classification of Net Assets**

The Foundation reports information regarding its financial position and activities according to two classes of net assets, based on the presence or absence of donor-imposed restrictions, as follows:

*Net Assets Without Donor Restrictions* – Net assets that include revenue and contributions received without donor-imposed restrictions or whose restrictions have lapsed due to the passage of time or whose purpose has been met. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.

*Net Assets With Donor Restrictions* – Net assets that include revenue and contributions subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, where by the principal was invested in perpetuity and only the income was used by the Foundation for scholarships.

**Revenue Recognition**

The Foundation reports gifts and grants of cash and other assets as unrestricted support available for general operations, unless specifically restricted by the donor. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor 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 restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Revenue recognized on nonfederal grants and contributions that have been committed to the Foundation but have not been received is reflected as grants and contributions receivable in the accompanying statements of financial position.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Revenue from the federal award is a conditional contribution, a non-reciprocal transaction. Accordingly, revenue is recognized as allowable direct costs are incurred. Amounts received from the awarding agency in excess of amounts recognized are recorded as refundable advances in the statements of financial position.

Revenue from sales of products primarily relates to the Foundation's gift shops and mail order services and is recognized as the goods are sold.

The Foundation recognizes bequests in the year in which the promise to give becomes unconditional, which is at the time the probate court declares the will valid, and the proceeds are measurable in amount.

**In-Kind Contributed Services**

The Foundation receives in-kind contributed services in the form of free or reduced legal, strategic consulting and advocacy services. These contributions are recognized at their estimated fair value as unrestricted revenue and support and expenses in the year the services are rendered and are included in educational activities and management and general in the accompanying statements of activities. The Foundation recognized donated services in the amount of \$209,873 and \$198,468 during the years ended December 31, 2020 and 2019, respectively, which are included in the grants and contributions revenue in the accompanying statements of activities. In-kind contributed services of \$120,000 and \$89,873 are included in educational activities and management and general, respectively, for the year ended December 31, 2020. In-kind contributed services of \$120,000 and \$78,468 are included in educational activities and management and general, respectively, for the year ended December 31, 2019.

The Foundation's educational activities are also furthered by the contribution of time by volunteers. The value of these contributions is not recognized in the accompanying financial statements, as they do not meet the necessary criteria for recording contributed services under generally accepted accounting principles (GAAP).

**Functional Allocation of Expenses**

Costs of providing programs and supporting services have been summarized in the accompanying statements of activities. Accordingly, certain categories of expenses are attributed to more than one program or supporting function and therefore require allocation. Personnel costs, depreciation, rent, office, insurance and other costs are allocated among the programs and supporting services benefited based on salaries and wages.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle**

*Revenue from Contracts with Customers*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization's financial statements reflect the application of ASC 606 guidance beginning in 2020. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

**Reclassifications**

Certain amounts in the 2019 financial statements were reclassified to conform to the presentation in the 2020 financial statements. These reclassifications had no effect on the net assets previously reported.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 18, 2021, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 2,537,563	\$ 3,257,372
Grants and Contributions Receivable	74,162	125,000
Other Accounts Receivable	<u>46,789</u>	<u>108,698</u>
	2,658,514	3,491,070
Less: Refundable Advances	<u>(1,335,081)</u>	<u>(2,256,452)</u>
Total Available	<u>\$ 1,323,433</u>	<u>\$ 1,234,618</u>

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Foundation also holds investments for long-term purposes of \$2,608,802 and \$2,562,983 as of December 31, 2020 and 2019, respectively, which include donor-restricted assets. Although the Foundation does not intend to spend from investments other than the amount budgeted during its annual budget approval and appropriation, amounts from its investments could be made available, if necessary.

Donor restricted funds consist of \$162,218 and \$131,786 as of December 31, 2020 and 2019, respectively.

**NOTE 3 GRANT AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Bequests	\$ 24,162	\$ 25,000
Grants and Contributions	98,426	100,000
Total Grants and Contributions Receivable	<u>\$ 122,588</u>	<u>\$ 125,000</u>

Receivables expected to be collected in more than one year are reflected at fair value. The fair value is estimated by calculating the present value of estimated future cash flows. The discount rate applied of 3.25% is a risk-free interest rate determined by management. The amount of the discounted receivable at December 31, 2020 and 2019, at the net present value is as follows:

	<u>2020</u>	<u>2019</u>
Receivables Due in One Year	<u>\$ 50,000</u>	<u>\$ 100,000</u>
Receivable Due in Two to Five Years	\$ 50,000	\$ -
Less: Discount to Reduce to Present Value	(1,574)	-
Net Present Value of Receivable	<u>\$ 48,426</u>	<u>\$ -</u>

All receivables are considered fully collectible.



**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 INVESTMENTS AND FAIR VALUE**

Investments consisted of the following at December 31:

	2020	2019
U.S. Treasury Securities	\$ 71,698	\$ 68,915
Money Market Funds	2,537,104	2,494,068
Total Investments (at Fair Value)	<u>\$ 2,608,802</u>	<u>\$ 2,562,983</u>

The following tables present investments by type and classification in the fair value hierarchy at December 31:

	2020			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 71,698	\$ -	\$ -	\$ 71,698
Money Market Funds	2,537,104	-	-	2,537,104
Total	<u>\$ 2,608,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,608,802</u>

  

	2019			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 68,915	\$ -	\$ -	\$ 68,915
Money Market Funds	2,494,068	-	-	2,494,068
Total	<u>\$ 2,562,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,562,983</u>

The Foundation used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

*Money Market Funds:* Net asset value of funds held at year-end.

*U.S. Treasury Securities:* Value based on yields currently available for comparable securities of issuers with similar credit ratings.

Investment income was comprised of interest and realized gains on investments of \$10,385 and \$36,935 for the years ended December 31, 2020 and 2019, respectively.

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**NOTE 5 PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS**

The Foundation held the following property, equipment, and leasehold improvements as of December 31:

	<u>2020</u>	<u>2019</u>
Furniture and Office Equipment	\$ 494,945	\$ 494,945
Computer Equipment	141,787	141,787
Leasehold Improvements	<u>326,916</u>	<u>326,916</u>
Total Furniture, Equipment, and Leasehold Improvements	963,648	963,648
Less: Accumulated Depreciation	<u>(699,734)</u>	<u>(637,876)</u>
Total Furniture, Equipment, and Leasehold Improvements	<u>\$ 263,914</u>	<u>\$ 325,772</u>

For the years ended December 31, 2020 and 2019, depreciation and amortization expense for furniture, equipment, and leasehold improvements totaled \$61,859 and \$85,857, respectively.

**NOTE 6 MEMORIAL**

Capitalized Memorial costs consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Construction Costs	\$ 19,170,676	\$ 19,170,676
Memorial Development	3,264,955	3,260,207
Data Register Development	2,014,200	2,014,200
Education Center Development	1,384,958	1,384,958
Work in Progress	<u>2,365,430</u>	<u>1,459,799</u>
Total Memorial	28,200,219	27,289,840
Less: Accumulated Depreciation	<u>(20,194,555)</u>	<u>(19,295,983)</u>
Net Memorial	<u>\$ 8,005,664</u>	<u>\$ 7,993,857</u>

Work in progress includes costs associated with the modernization of the Memorial database and structural work of the building.

For the years ended December 31, 2020 and 2019, depreciation expense on the memorial totaled \$898,572 and \$871,572, respectively.

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**NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN**

In May 2020, the Foundation obtained a loan from a financial institution in the amount of \$229,600 to fund payroll and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the loan will have a maturity date of May 2022.

The submission of loan forgiveness to the financial institution was made in April 2020 and, on April 23, 2021, the PPP Loan was forgiven in full and paid by the SBA to the financial institution.

**NOTE 8 FEDERAL AWARD**

As of December 31, 2020, the Foundation received a federal award that is not to exceed \$10 million from the U.S. Department of Defense for the repair, maintenance, and operations of the Memorial. The award accounted for 41% and 50% of overall revenue for the years ended December 31, 2020 and 2019, respectively. The activity for the years ended December 31 was as follows:

	2020	2019
Refundable Advance, Beginning of Year	\$ 2,256,452	\$ 2,309,529
Add: Award Receipts	1,465,000	3,535,000
Less: Award Expenditures	<u>(2,386,371)</u>	<u>(3,588,077)</u>
Refundable Advance, End of Year	<u>\$ 1,335,081</u>	<u>\$ 2,256,452</u>

**NOTE 9 COMMITMENTS AND RISKS**

**Office Lease**

The Foundation entered a 10-year noncancelable operating lease for office space, which expired on September 30, 2015. In August 2015, the Foundation entered into an amendment to extend the lease through June 30, 2016. As of June 1, 2016, the Foundation entered into a second amendment to extend the lease through June 30, 2027. Annual rent increases and lease incentives are being amortized over the life of the lease. As a result, the Foundation is recognizing rent expense on the straight-line basis over the lease term. The unamortized portion resulting from the difference between the amounts paid and expensed comprise the deferred rent obligation in the statements of financial position.

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**NOTE 9 COMMITMENTS AND RISKS (CONTINUED)**

**Office Lease (Continued)**

The following is a schedule of future minimum lease payments required under the office space, for the years ending December 31.

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 355,294
2022	365,041
2023	375,070
2024	385,363
2025	395,939
Thereafter	1,001,091
Total Minimum Lease Payments	<u>\$ 2,877,798</u>

Rent expense totaled \$299,160 and \$302,440 for the years ended December 31, 2020 and 2019, respectively.

**Capital Lease Obligation**

During 2017, the Foundation began leasing a mail machine under the terms of a non-cancellable lease that expires in May 2022. The value of the mail machine has been capitalized and is included as part of equipment in the accompanying statements of financial position at December 31, 2020. At December 31, 2020 and 2019, the cost of the capitalized equipment totaled \$73,826 for both years and the related accumulated amortization totaled \$51,565 and \$37,501, respectively. Depreciation expense recognized totaled \$14,062 for each of the years ended December 31, 2020 and 2019.

The following is a schedule by years of future minimum payments required under the leases, together with their present value:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 15,132
2022	7,566
Total	22,698
Less: Amount Representing Interest	(581)
Present Value of Future Minimum Lease Payments	22,117
Less: Current Portion of Capital Lease Obligation	(14,635)
Long Term Portion of Capital Lease Obligation	<u>\$ 7,482</u>

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**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, net assets with donor restrictions were as follows:

	2020	2019
Purpose and Time Restricted:		
AUSA - Time Restricted	\$ -	\$ 100,000
Leidos - Time Restricted	100,000	-
N. Busse Bequest - Purpose Restricted	20,000	-
Flour Foundation - Purpose Restricted	20,000	-
Scholarship Fund	-	1,011
	140,000	101,011
Subject to Appropriation and Expenditure:		
Sarah Marjorie Kelley Scholarship Fund	17,123	680
LTC Margaret L. Ellerman, USA, Ret., Scholarship Fund	5,095	95
	22,218	775
Total Purpose and Time Restricted	162,218	101,786
Held in Perpetuity	-	30,000
Total Net Assets With Donor Restrictions	\$ 162,218	\$ 131,786

**NOTE 11 ENDOWMENTS**

The Foundation had donor-restricted endowment funds established for the purpose of generating earnings to provide scholarships to women who have been accepted for enrollment in an accredited institution of higher learning. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. During 2020, as a result of amended agreements with the donors, the endowment funds were amended from scholarship fund endowments to purpose and time restricted net assets with the purpose of funding annual internships, research grants, and support to the Foundations general operating fund. The amendment to the endowment fund was shown as a reclassification of net assets in 2020.

As of December 31, endowments consisted of the following:

	2020	2019
Sarah Marjorie Kelley Scholarship Fund	\$ -	\$ 25,000
LTC Margaret L. Ellerman, USA, Ret., Scholarship Fund	-	5,000
Total Endowments	\$ -	\$ 30,000

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**NOTE 11 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation had interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as net assets restricted into perpetuity (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 was added to the fund. The remaining portion of the donor-restricted endowment fund that was not classified in net assets restricted into perpetuity was classified as net assets restricted for time or purpose until those amounts were appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Only the Foundation's endowment funds, totaling \$30,000 as of December 31, 2019, were classified as donor-restricted endowment funds.

Changes in endowment net assets were as follows for the years ended December 31, 2020 and 2019:

	With Donor Restrictions
Net Assets - January 1, 2019	\$ 30,770
Investment Income	6
Endowment Net Assets - December 31, 2019	30,776
Investment Income	-
Reclassification of Net Assets	(30,776)
Endowment Net Assets - December 31, 2020	\$ -

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**NOTE 11 ENDOWMENTS (CONTINUED)**

**Funds with Deficiencies**

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019.

**Return Objectives and Risk Parameters**

The Foundation had adopted an investment policy that attempted to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets included those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets were invested in funds to generate the maximum yield. The investments should have at least an A-rating and, where possible, be federally guaranteed.

**NOTE 12 ALLOCATION OF JOINT COSTS**

In fiscal years 2020 and 2019, the Foundation conducted direct mail campaigns that included requests for contributions, as well as program components. These joint costs were allocated as follows:

	<u>2020</u>	<u>2019</u>
Education	\$ -	\$ 22,424
Fundraising	108,843	136,372
Total Joint Costs	<u>\$ 108,843</u>	<u>\$ 158,796</u>

**NOTE 13 RETIREMENT PLAN**

The Foundation sponsors a profit-sharing plan (the Plan) under Section 401(k) of the Internal Revenue Code. To participate in the Plan, an employee must have worked at least 1,000 hours and have been employed for at least one year. The Plan allows for employee contributions and an employer discretionary match. For the years ended December 31, 2020 and 2019, no discretionary matches have been made to the Plan.

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**NOTE 14 RISKS AND UNCERTAINTIES**

In early 2020, a pandemic of the Corona Virus (COVID) was declared by the World Health Organization. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas and forced closures for certain types of public places and businesses. By order of the government, the Memorial was forced to close to the public for seven months. With the re-opening of the Memorial in October 2020 and the development of several vaccines to combat the virus, the Foundation expects no future COVID-related disruptions in its operations. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Memorial operates. It is unknown how long these conditions will last and what the complete financial effect will be; however, the Memorial has been monitoring the situation and has taken measures to minimize the impact to its program activities.