

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

To the Board of Directors
Women in Military Service for America Memorial Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Women in Military Service for America Memorial Foundation, Inc. ("Foundation"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

Responsibilities of Management 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, 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the 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 the 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.

Independent Auditor's Report (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
June 16, 2023

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 951,540	\$ 434,113
Grant and pledges receivable, current, net	378,763	776,505
Other receivables	3,386	6,014
Inventory	89,043	125,664
Prepaid expenses	33,873	85,092
Total Current Assets	<u>1,456,605</u>	<u>1,427,388</u>
Property , net of accumulated depreciation	<u>183,163</u>	<u>233,862</u>
Memorial , net of accumulated depreciation	<u>9,497,048</u>	<u>7,231,459</u>
Other Assets		
Investments held for long term purposes	2,003,742	2,751,397
Operating lease right-of-use assets	1,572,317	-0-
Grant and pledges receivable, net of current portion	349,053	48,426
Security deposit and other assets	42,043	30,036
Total Other Assets	<u>3,967,155</u>	<u>2,829,859</u>
Total Assets	<u><u>\$ 15,103,971</u></u>	<u><u>\$ 11,722,568</u></u>

	<u>2022</u>	<u>2021</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 421,991	\$ 696,804
Deferred revenue	86,500	101,712
Deferred lease obligation	-0-	404,108
Current portion of operating lease liabilities	351,889	-0-
Capital lease obligation	-0-	7,482
Total Current Liabilities	<u>860,380</u>	<u>1,210,106</u>
Non-Current Liabilities		
Operating lease liabilities, net of current portion	1,737,201	-0-
Deferred lease obligation	-0-	174,809
Total Non-Current Liabilities	<u>1,737,201</u>	<u>174,809</u>
Total Liabilities	<u>2,597,581</u>	<u>1,384,915</u>
Commitments (Notes 10, 13 and 14)		
Net Assets		
Without donor restrictions		
Board designated - net cost of memorial	9,497,048	7,231,459
Board designated - capital campaign	295,157	-0-
Undesignated	1,920,189	2,849,194
Total without donor restrictions	<u>11,712,394</u>	<u>10,080,653</u>
With donor restrictions	<u>793,996</u>	<u>257,000</u>
Total Net Assets	<u>12,506,390</u>	<u>10,337,653</u>
Total Liabilities and Net Assets	<u><u>\$ 15,103,971</u></u>	<u><u>\$ 11,722,568</u></u>

The accompanying notes are an integral part of these financial statements.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Federal grant revenue	\$ 2,391,035	\$ -0-	\$ 2,391,035
Grants and contributions	4,397,315	1,131,790	5,529,105
In-kind contributions	62,490	-0-	62,490
Forgiveness of PPP Loan	-0-	-0-	-0-
Memorial events	403,208	-0-	403,208
Product sales, net of cost of goods sold	90,753	-0-	90,753
Net investment return	22,242	-0-	22,242
Other revenue	12,621	-0-	12,621
Net assets released from restrictions	594,794	(594,794)	-0-
Total Support and Revenue	<u>7,974,458</u>	<u>536,996</u>	<u>8,511,454</u>
Expenses			
Program services:			
Education	4,774,421	-0-	4,774,421
Supporting Services:			
Management and general	595,339	-0-	595,339
Fundraising	972,957	-0-	972,957
Total Support Services	<u>1,568,296</u>	<u>-0-</u>	<u>1,568,296</u>
Total Expenses	<u>6,342,717</u>	<u>-0-</u>	<u>6,342,717</u>
Change in Net Assets	1,631,741	536,996	2,168,737
Net Assets at Beginning of Year	<u>10,080,653</u>	<u>257,000</u>	<u>10,337,653</u>
Net Assets at End of Year	<u><u>\$ 11,712,394</u></u>	<u><u>\$ 793,996</u></u>	<u><u>\$ 12,506,390</u></u>

2021

Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,228,586	\$ -0-	\$ 2,228,586
2,841,915	268,000	3,109,915
43,307	-0-	43,307
229,600	-0-	229,600
185,899	-0-	185,899
159,235	-0-	159,235
8,966	21	8,987
15,489	-0-	15,489
173,239	(173,239)	-0-
<u>5,886,236</u>	<u>94,782</u>	<u>5,981,018</u>
<u>5,221,530</u>	<u>-0-</u>	<u>5,221,530</u>
879,567	-0-	879,567
697,214	-0-	697,214
<u>1,576,781</u>	<u>-0-</u>	<u>1,576,781</u>
<u>6,798,311</u>	<u>-0-</u>	<u>6,798,311</u>
(912,075)	94,782	(817,293)
<u>10,992,728</u>	<u>162,218</u>	<u>11,154,946</u>
<u>\$ 10,080,653</u>	<u>\$ 257,000</u>	<u>\$ 10,337,653</u>

The accompanying notes are an integral part of these financial statements.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	2022				
	Education	Management and General	Fundraising	Cost of Goods Sold	Total
Personnel expenses					
Salaries and wages	\$ 1,324,901	\$ 244,608	\$ 142,684	\$ -0-	\$ 1,712,193
Payroll taxes	99,459	18,363	10,711	-0-	128,533
Employee benefits	80,092	14,787	8,625	-0-	103,504
Total personnel expenses	<u>1,504,452</u>	<u>277,758</u>	<u>162,020</u>	<u>-0-</u>	<u>1,944,230</u>
Professional and consulting fees	724,662	175,894	552,844	-0-	1,453,400
Depreciation and amortization	1,249,473	3,892	2,270	-0-	1,255,635
Lease expense	236,471	43,658	25,467	-0-	305,596
Event expense	291,350	-0-	-0-	-0-	291,350
Exhibit and equipment purchases	180,900	27,194	15,862	-0-	223,956
Memorial utilities	186,871	-0-	-0-	-0-	186,871
Solicitation/fundraising expense	-0-	-0-	175,444	-0-	175,444
Cost of products sold or given away	-0-	-0-	-0-	174,553	174,553
Software and database development	125,044	16,828	9,816	-0-	151,688
Interest and bank fees	62,136	11,472	6,692	-0-	80,300
Repairs and maintenance	46,712	8,624	5,031	-0-	60,367
Office supplies	34,485	6,367	3,714	-0-	44,566
Insurance	26,973	4,980	2,905	-0-	34,858
Occupancy	20,310	3,750	2,187	-0-	26,247
Taxes	5,949	1,098	641	-0-	7,688
Short term equipment rental	4,006	46	27	-0-	4,079
Telephone	1,083	200	117	-0-	1,400
Miscellaneous	73,544	13,578	7,920	-0-	95,042
Total Expenses	<u>4,774,421</u>	<u>595,339</u>	<u>972,957</u>	<u>174,553</u>	<u>6,517,270</u>
Less: Cost of goods sold, netted in the statements of activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(174,553)</u>	<u>(174,553)</u>
Total Expenses reported in the statements of activities	<u>\$ 4,774,421</u>	<u>\$ 595,339</u>	<u>\$ 972,957</u>	<u>\$ -0-</u>	<u>\$ 6,342,717</u>

2021

Education	Management and General	Fundraising	Cost of Goods Sold	Total
\$ 1,476,274	\$ 405,185	\$ 150,359	\$ -0-	\$ 2,031,818
114,183	31,339	11,630	-0-	157,152
87,669	24,062	8,929	-0-	120,660
1,678,126	460,586	170,918	-0-	2,309,630
1,176,042	260,497	270,872	-0-	1,707,411
1,071,477	7,536	2,797	-0-	1,081,810
-0-	-0-	-0-	-0-	-0-
74,789	20,527	7,617	-0-	102,933
82,845	5,060	1,878	-0-	89,783
210,034	-0-	-0-	-0-	210,034
-0-	-0-	116,907	-0-	116,907
-0-	-0-	-0-	190,076	190,076
445,542	17,253	6,402	-0-	469,197
-0-	523	82,562	-0-	83,085
95,131	-0-	-0-	-0-	95,131
56,433	10,557	3,918	-0-	70,908
26,063	7,153	2,655	-0-	35,871
235,795	64,717	24,016	-0-	324,528
5,570	1,521	564	-0-	7,655
7,891	1,149	426	-0-	9,466
30,654	8,414	3,122	-0-	42,190
25,138	14,074	2,560	-0-	41,772
5,221,530	879,567	697,214	190,076	6,988,387
-0-	-0-	-0-	(190,076)	(190,076)
\$ 5,221,530	\$ 879,567	\$ 697,214	\$ -0-	\$ 6,798,311

The accompanying notes are an integral part of these financial statements.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,168,737	\$ (817,293)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,255,635	1,081,810
Unrealized losses on investments	3,248	148
Realized losses (gains) on investments	1,181	(4,352)
Forgiveness of PPP loan	-0-	(229,600)
Changes in operating assets and liabilities:		
Grant and pledges receivable	97,115	(702,343)
Other receivables	2,628	40,775
Inventory	36,621	(38,687)
Prepaid expenses and other assets	39,212	(54,091)
Operating lease right-of-use assets	274,448	-0-
Accounts payable and accrued expenses	(294,289)	82,843
Operating lease liabilities	(336,592)	-0-
Deferred revenue	(15,212)	101,712
Refundable advances	-0-	(1,335,081)
Deferred lease obligations	-0-	(52,405)
Net Cash Provided by (Used in) Operating Activities	<u>3,232,732</u>	<u>(1,926,564)</u>
Cash Flows from Investing Activities		
Purchases of investments	(49,029)	(184,697)
Proceeds from sales of investments	792,255	14,515
Acquisition of property	-0-	(23,860)
Acquisition of memorial assets	(3,454,449)	-0-
Net Cash Used in Investing activities	<u>(2,711,223)</u>	<u>(194,042)</u>
Cash Flows from Financing Activities		
Payments on capital lease obligation	<u>(7,482)</u>	<u>(14,635)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	514,027	(2,135,241)
Cash and Cash Equivalents at Beginning of Year	<u>434,113</u>	<u>2,569,354</u>
Cash and Cash Equivalents at End of Year	<u>\$ 948,140</u>	<u>\$ 434,113</u>

	<u>2022</u>	<u>2021</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u>\$ 84</u>	<u>\$ 497</u>
Cash paid for operating leases	<u>\$ 367,741</u>	<u>\$ -0-</u>
Noncash operating activities		
Right-of-use assets acquired under operating leases	<u>\$ 1,846,765</u>	<u>\$ -0-</u>
Right-of-use liabilities assumed under operating leases	<u>\$ 2,425,682</u>	<u>\$ -0-</u>
Noncash investing and financing activities		
Acquisition of memorial assets through accounts payable	<u>\$ 19,476</u>	<u>\$ 253,693</u>

The accompanying notes are an integral part of these financial statements.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Nature of Organization and Summary of Significant Accounting Policies

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.

The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

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

Cash and Cash Equivalents: The Foundation classifies all investments which are readily convertible to cash and which have a maturity of three months or less when purchased as cash equivalents. Cash and cash equivalents held by investment custodians are not included in cash and cash equivalents but rather are treated as investments.

Grant Receivable and Refundable Advances: Grant receivable consists of amounts to be reimbursed to the Foundation for expenses incurred in excess of cash received under its grant with the U.S. Department of Defense. Refundable advances consists of amounts advanced to the Foundation for draws in excess of expenses incurred under its grant with the U.S. Department of Defense.

Pledges Receivable: Unconditional promises to give are recorded as pledges receivable and recognized as revenue in the period the pledge is received. Unconditional promises to give in a future period are discounted to their net present value at the time the revenue is recorded. A provision is made for uncollectible pledges based on anticipated collection losses. Estimated losses are generally determined from historical collection experience and review of outstanding pledges receivable. Pledges receivable are written off by management when, in their determination, all appropriate collection efforts have been taken. The management of the Foundation has reviewed its outstanding pledges receivable for collectability and has determined that the pledges are fully collectible; therefore, no allowance for uncollectible pledges has been established.

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, 2022 and 2021

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Property and Depreciation: Property is stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. The Foundation capitalizes all property acquisitions in excess of \$5,000 having an estimated useful life of more than one year. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3 - 5 years
Furniture and office equipment	3 - 10 years
Leasehold improvements	12 years

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 basis 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.

Investments: Investments with readily determinable fair values are reported at fair value in the statements of financial position. Investments, whose fair values are not readily determinable, are recorded at cost. Fair value is defined as 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. Realized and unrealized gains and losses on investments are reported in the statements of activities as part of net investment return.

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, the net cost of the Memorial.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

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 non-federal grants and contributions that have been committed to the Foundation but have not been received is reflected as grants and pledges receivable in the accompanying statements of financial position.

Revenue from the federal award is a conditional grant, 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 shop 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 Contributions and Donated Services: In-kind contributions of gifts, services and facilities are recognized at their fair market value at the time of donation. Donated services are recorded as contributions to the extent that the services (a) create or enhance a nonfinancial asset or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased if they were not donated. Other donated services that do not meet these requirements are not recorded. In-kind contributions are reported as contribution revenue as well as expenses or inventory based upon the nature of the in-kind contribution.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis and by natural classification in the statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on the estimates such as time and effort or other criteria.

Income Taxes: The Foundation is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3). Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Foundation did not incur any unrelated business income for the years ended December 31, 2022 and 2021. The Foundation's federal exempt organization tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Recent Adopted Accounting Standards: In September 2020, the Financial Accounting Standards Board (FASB) issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958)*, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets which is effective for fiscal years beginning after June 15, 2021. This ASU requires that contributed nonfinancial assets be reported as a separate line item in the statements of activities, as well as disclose the disaggregation of the contributed nonfinancial assets recognized by type, whether they are monetized or utilized during the reporting period, and if utilized, the programs or other activities in which these contributed nonfinancial assets were used. Management has adopted and approved this standard.

The FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*, which was effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance for leases. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-of-use asset (ROU) and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including any payments to be made in lease option periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The ROU assets will be amortized over the term of the lease and the lease liability will be reduced by lease payments.

The Foundation evaluates each contract and determines if an arrangement contains a lease at the inception of a contract. The Organization accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the ROU or lease liabilities. These are expensed as incurred. The Organization has elected to use the risk-free rate to discount the lease payments for all classes of ROU. The Foundation adopted the new lease standard effective as of January 1, 2022.

Prior to the adoption of ASU 2016-02, the Foundation entered into a lease agreement for office space which contains annual rent escalations and lease incentives. Prior to January 1, 2022, the Foundation was recognizing rent expense on a straight-line basis over the term of the lease. Deferred rent represented the difference between rent expense recognized to date and the actual payments made to date. Upon the adoption of ASU 2016-02, deferred rent is included in the calculation of the operating lease right-of-use assets and the operating lease liabilities.

Reclassifications: Certain amounts previously reported in the financial statements for the year ended December 31, 2021 have been reclassified to conform to the financial statement presentation for the year ended December 31, 2022.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 16, 2023, the date the financial statements were available to be issued. During the period January 1, 2023 through June 16, 2023, the Foundation did not have any material recognizable subsequent events.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Liquidity and Availability of Funds

A summary of the financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following:

	2022	2021
Cash and cash equivalents	\$ 951,540	\$ 434,113
Grant and contributions receivable, current	378,763	776,505
Other receivables	3,386	6,014
Financial Assets Available for General Expenditure	<u>\$ 1,333,689</u>	<u>\$ 1,216,632</u>

The Foundation also holds investments for long-term purposes of \$2,003,742 and \$2,751,397 as of December 31, 2022 and 2021, respectively. 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.

Note 3: Grant and Pledges Receivable

Grant and pledges receivable as of December 31, 2022 and 2021 are as follows:

	2022	2021
Grant	\$ -0-	\$ 609,505
Pledges	727,816	215,426
Total	<u>\$ 727,816</u>	<u>\$ 824,931</u>

Pledges receivable consisted of the following at December 31, 2022 and 2021:

	2022	2021
Receivables due in less than one year	\$ 378,763	\$ 167,000
Receivables due in one to five years	375,232	50,000
	753,995	217,000
Less: Present value discount (2022 - 7.5%; 2021 - 3.15%)	26,179	1,574
Total	<u>\$ 727,816</u>	<u>\$ 215,426</u>

Grant and pledges receivable have been reflected in the statements of financial position as follows:

	2022	2021
Current	\$ 378,763	\$ 776,505
Noncurrent	349,053	48,426
	<u>\$ 727,816</u>	<u>\$ 824,931</u>

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 4: Investments

Investments consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Money market funds	\$ 2,003,742	\$ 2,631,974
Mutual funds, EFT	-0-	18,971
U.S. Treasury Obligations	-0-	100,452
	\$ 2,003,742	\$ 2,751,397

Net investment return for the years ended December 31, 2022 and 2021 was comprised of the following:

	2022	2021
Interest and dividends	\$ 26,671	\$ 4,783
Net realized gain (loss)	(1,181)	4,352
Unrealized gain (loss)	(3,248)	(148)
	\$ 22,242	\$ 8,987

Note 5: Fair Value Measurement

Generally accepted accounting principles (GAAP) establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 5: Fair Value Measurement (Continued)

The asset's 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. In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. The valuation techniques used by the Foundation include the following:

Money Market Funds: Valued at original cost, which equals fair value.

Mutual Funds EFT: Valued at the last sales price reported on the active market in which the individual fund is traded.

U.S. Treasury Obligations: Valued using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads.

The tables below present the balances of investments measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2022 and 2021:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 2,003,742	\$ 2,003,742	\$ -0-	\$ -0-
	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 2,631,974	\$ 2,631,974	\$ -0-	\$ -0-
Mutual funds, EFT	18,971	18,971	-0-	-0-
U.S. Treasury Obligations	100,452	-0-	100,452	-0-
	<u>\$ 2,751,397</u>	<u>\$ 2,650,945</u>	<u>\$ 100,452</u>	<u>\$ -0-</u>

Note 6: Property and Equipment

Property consisted of the following at December 31, 2022 and 2021:

	2022	2021
Computer equipment	\$ 32,263	\$ 106,089
Leasehold improvements	326,916	326,916
Furniture and office equipment	518,805	518,804
	<u>877,984</u>	<u>951,809</u>
Less: Accumulated depreciation	<u>694,821</u>	<u>717,947</u>
Net Property	<u>\$ 183,163</u>	<u>\$ 233,862</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$50,699 and \$53,912, respectively.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 7: Memorial

Capitalized memorial costs consisted of the following at December 31, 2022 and 2021:

	2022	2021
Construction costs	\$ 19,170,676	\$ 19,170,676
Memorial Development	4,740,060	4,740,060
Data Register Development	2,904,525	2,904,525
Education Center Development	1,384,958	1,384,958
Memorial renovations	3,724,218	253,693
	31,924,437	28,453,912
Less: Accumulated depreciation	22,427,389	21,222,453
Net Memorial	\$ 9,497,048	\$ 7,231,459

Depreciation expense for the years ended December 31, 2022 and 2021 was \$1,204,936 and \$1,027,898, respectively.

In December 2021, the Foundation entered into a construction contract related to the building renovations for the interior of the Memorial. The Memorial renovations were completed during 2022.

Note 8: Short-Term Borrowings

On September 20, 2021, the Foundation obtained a \$1,000,000 revolving line of credit agreement with Truist Bank, which is evidenced by a promissory demand note. Borrowings under the line of credit bear interest at the Prime rate plus 1.31% (8.81% and 4.56% as of December 31, 2022 and 2021, respectively) and are payable in monthly payments of interest through September 20, 2023, at which time the outstanding balance becomes due. The line of credit is collateralized by a continuing security interest in all of the assets of the Foundation. As of December 31, 2022 and 2021, there was no outstanding balance due under the line of credit.

Note 9: Paycheck Protection Program

The Foundation applied for and received funds in the amount of \$229,600 under the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The proceeds are considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, are incurred during the period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (June 5, 2020). Any portion of this loan that does not qualify for forgiveness is subject to an interest rate of 1%. The loan document requires monthly principal installments plus interest commencing one month after the earlier of the date the SBA officially forgives only a portion of the loan; the date the SBA denies forgiveness; or 10 months after the end of the 24-week period. The loan had a maturity date of May 5, 2022. This was reported as a loan at December 31, 2020. The Foundation applied for and received full forgiveness of the PPP loan on April 23, 2021, and the proceeds have been included on the statements of activities as forgiveness of PPP loan.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 10: Capital Lease Obligation

During 2017, the Foundation began leasing a mail machine under the terms of a non-cancellable lease that expired in May 2022. Amortization of the cost of the leased property is included in depreciation. Accumulated amortization of the leased equipment as of December 31, 2022 and 2021 was \$-0- and \$65,625, respectively. The equipment was returned upon the expiration of the lease.

Interest expense on the capital lease obligation amounted to \$84 and \$497 for the years ended December 31, 2022 and 2021, respectively.

Note 11: Net Assets with Donor Restrictions

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

	2022	2021
Purpose and time restricted		
The Boeing Company - Time Restricted	\$ 666,667	\$ -0-
SqFt Campaign - Time Restricted	87,329	-0-
N. Busse Bequest - Purpose Restricted	20,000	20,000
Fluor Foundation - Purpose Restricted	20,000	20,000
GEICO - Time Restricted	-0-	100,000
Leidos - Time Restricted	-0-	50,000
Northrop Grumman - Time Restricted	-0-	50,000
VA Humanities - Purpose Restricted	-0-	15,000
Tricia Ward - Time Restricted	-0-	2,000
Net Assets with Donor Restrictions	<u>\$ 793,996</u>	<u>\$ 257,000</u>

The net assets released from donor restrictions during 2022 and 2021 were the result of expiration of time restrictions with the exception of \$15,000 released as of December 31, 2022 due to satisfaction of donor restrictions related to the Color of Freedom exhibit tour.

Note 12: In-Kind Contributions

Noncash in-kind contributions for the years ended December 31, 2022 and 2021 included the following:

	2022	2021
Equipment and supplies	\$ 2,348	\$ 6,670
Event and recognition materials	12,433	1,704
Travel	7,376	-0-
Legal and other professional fees	40,333	34,933
Total	<u>\$ 62,490</u>	<u>\$ 43,307</u>

In-kind donated equipment of \$268 are included in inventory for the year ended December 31, 2022.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 12: In-Kind Contributions (Continued)

In-kind contributions of equipment, supplies, materials and travel are recognized at their estimated fair market value at the time of donation. Donated legal and professional services are recorded at their estimated fair value, typically provided by the service provider based on their respective rates for such services on the date of receipt.

Donated good and services for the years ended December 31, 2022 and 2021 are allocated as follows in their respective functional classification:

	2022			
	Education	Management and General	Fundraising	Total
Equipment and supplies	\$ 1,610	\$ 297	\$ 173	\$ 2,080
Event and recognition materials	11,406	648	379	12,433
Travel	5,708	1,054	614	7,376
Legal and other professional fees	230	39,902	201	40,333
Total	\$ 18,954	\$ 41,901	\$ 1,367	\$ 62,222

	2021			
	Education	Management and General	Fundraising	Total
Equipment and supplies	\$ 4,846	\$ 1,330	\$ 494	\$ 6,670
Event and recognition materials	1,518	136	50	1,704
Travel	-0-	-0-	-0-	-0-
Legal and other professional fees	-0-	34,933	-0-	34,933
Total	\$ 6,364	\$ 36,399	\$ 544	\$ 43,307

Note 13: Leases

The Foundation has a noncancelable operating lease for office space, which expires on May 31, 2028. The lease payments escalate over the term of the lease and the lease provided for a rent free period.

The Foundation leases various office equipment under noncancelable operating leases. Expiration dates range from January 2026 through April 2027.

On January 1, 2022, the Foundation adopted ASC 841 and recorded right-of-use assets of \$1,846,765, which were adjusted by the balance of the existing deferred rent liability of \$578,917 and are being expensed over the life of leases and off-setting operating lease liabilities of \$2,425,682.

The Foundation's total lease expense for the year ended December 31, 2022 was \$305,596.

Rent expense for 2021 prior to the adoption of ASC 842 Leases, which includes common area maintenance, insurance and taxes was \$312,520 and was classified as occupancy expense.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 13: Leases (Continued)

As of December 31, 2022, the right-of-use assets and lease liabilities related to operating leases were as follows:

Operating lease right-of-use assets	<u>\$ 1,572,317</u>
Operating lease liabilities:	
Current portion of operating lease liabilities	\$ 351,889
Operating lease liabilities, net of current portion	<u>1,737,201</u>
Total operating lease liabilities	<u>\$ 2,089,090</u>

Other operating lease details are as follows:

Other Information:	
Weighted average remaining lease term in years	5.41
Weighted average discount rate	1.39%

As of December 31, 2022, future minimum lease payments under operating leases are as follows:

Year ending December 31,	
2023	\$ 378,310
2024	388,603
2025	399,179
2026	408,463
2027	418,614
Thereafter	<u>176,172</u>
Total	2,169,341
Less: Amount representing interest (1.39% - 2.18%)	<u>80,251</u>
Present value of future minimum lease payments	<u>\$ 2,089,090</u>

Note 14: Retirement Plan

The Foundation maintains a 401(k) plan covering all employees who have completed 1,000 hours of service during the plan year. Under this plan, participating employees may contribute up to the statutory dollar limit, and employee deferrals are vested gradually during 5 years. The Foundation can make matching contributions, the amount of which is discretionary and based on an employee's annual compensation. The Foundation may also make profit sharing contributions at its discretion, which will be allocated among all eligible employees. Employer contributions totaled \$26,053 and \$20,046 for the years ended December 31, 2022 and 2021, respectively.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Financial Statements
December 31, 2022 and 2021

Note 15: Other Matters

Uninsured Balances: The Foundation maintains its cash balances in various financial institutions. Periodically during the year, the Foundation's cash balances may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances.

Financial Risk: The Foundation invests in a professionally managed portfolio that may contain money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Federal Awards: The Foundation received \$2,391,035 and \$2,228,586 in federal awards during the years ended December 31, 2022 and 2021, respectively. Amounts received and expended by the Foundation under the federal program are subject to audit by government agencies. Management believes that adjustments, if any, which might result from audits or inquiries by government agencies would not have a material impact on the financial position of the Foundation.

Major Customers: Approximately 28% and 37% (\$2,391,035 and \$2,228,586) of the Foundation's revenue for the years ended December 31, 2022 and 2021, respectively, was derived from grants awarded by an agency of the U.S. Government. Any interruption of this relationship (i.e., the failure to renew grant agreements or withholding funds) may adversely affect the Foundation's ability to finance ongoing operations.

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Pass-Through Entity Identifying Numbers	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Defense				
Congressionally Directed Assistance	12.599	W9124J211001	\$ -0-	\$ 2,391,035
Total Expenditures of Federal Awards			<u>\$ -0-</u>	<u>\$ 2,391,035</u>

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Women in Military Service for America Memorial Foundation, Inc. ("Foundation") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Organization has elected not to use the 10% *de minimus* indirect cost rate allowed under the Uniform Guidance.

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Directors
Women in Military Service for America Memorial Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Women in Military Service for America Memorial Foundation, Inc. ("Foundation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gross, Mendelson & Associates, P. A.

Baltimore, Maryland
June 16, 2023

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance**

To the Board of Directors
Women in Military Service for America Memorial Foundation, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Women in Military Service for America Memorial Foundation, Inc.'s ("Foundation") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2022. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance (Continued)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted accounting standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance (Continued)**

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gross, Mendelsohn & Associates, P. A.

Baltimore, Maryland
June 16, 2023

WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Women in Military Service for America Memorial Foundation, Inc. were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Women in Military Service for America Memorial Foundation, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Women in Military Service for America Memorial Foundation, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The program tested as a major program was:

Assistance Listing	Federal Program Title
12.599	Congressionally Directed Assistance

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Women in Military Service for America Memorial Foundation, Inc. was determined to be a low-risk auditee as defined by the Uniform Guidance.

Financial Statement Audit

No findings were reported.

Findings and Questioned Costs - Major Federal Award Program Audit

No findings were reported.

Summary Schedule of Prior Audit Findings

No findings were reported in the prior year.

