

**WOMEN IN MILITARY SERVICE FOR AMERICA  
MEMORIAL FOUNDATION, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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## **Independent Auditor's Report**

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

### **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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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, 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.

*Gross, Mendelsohn & Associates, P. A.*

Baltimore, Maryland  
June 12, 2024

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 924,488	\$ 962,837
Grant and pledges receivable, current, net	700,038	378,763
Other receivables	-0-	3,386
Investments	93,706	-0-
Inventory	66,973	89,043
Prepaid expenses	58,578	33,873
Total Current Assets	<u>1,843,783</u>	<u>1,467,902</u>
<b>Property</b> , net of accumulated depreciation	<u>153,422</u>	<u>183,163</u>
<b>Memorial</b> , net of accumulated depreciation	<u>8,391,058</u>	<u>9,497,048</u>
<b>Other Assets</b>		
Investments held for long term purposes	1,749,411	2,003,742
Operating lease right-of-use assets	2,226,260	1,572,317
Grant and pledges receivable, net of current portion	419,220	349,053
Security deposit and other assets	31,034	30,746
Total Other Assets	<u>4,425,925</u>	<u>3,955,858</u>
<b>Total Assets</b>	<u>\$ 14,814,188</u>	<u>\$ 15,103,971</u>

	<u>2023</u>	<u>2022</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 246,316	\$ 421,991
Deferred revenue	-0-	86,500
Current maturities of operating lease liabilities	141,449	351,889
Total Current Liabilities	<u>387,765</u>	<u>860,380</u>
<b>Non-Current Liabilities</b>		
Operating lease liabilities, net of current maturities	<u>2,507,107</u>	1,737,201
<b>Total Liabilities</b>	<u>2,894,872</u>	<u>2,597,581</u>
<b>Commitments and Contingencies</b> (Notes 12 and 13)		
<b>Net Assets</b>		
Without donor restrictions		
Board designated - net cost of memorial	8,391,058	9,497,048
Board designated - capital campaign	553,613	295,157
Undesignated	1,834,789	1,920,189
Total without donor restrictions	<u>10,779,460</u>	11,712,394
With donor restrictions	<u>1,139,856</u>	793,996
Total Net Assets	<u>11,919,316</u>	<u>12,506,390</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 14,814,188</u>	<u>\$ 15,103,971</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, 2023 and 2022**

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Federal grant revenue	\$ -0-	\$ -0-	\$ -0-
Grants and contributions	3,025,638	981,815	4,007,453
In-kind contributions	1,110,344	-0-	1,110,344
Memorial events	535,180	-0-	535,180
Product sales, net of cost of goods sold	174,691	-0-	174,691
Net investment return	91,296	-0-	91,296
Other revenue	25,271	-0-	25,271
Net assets released from restrictions	635,955	(635,955)	-0-
Total Support and Revenue	<u>5,598,375</u>	<u>345,860</u>	<u>5,944,235</u>
<b>Expenses</b>			
Program services:			
Education	5,078,147	-0-	5,078,147
Supporting Services:			
Management and general	679,460	-0-	679,460
Fundraising	773,702	-0-	773,702
Total Support Services	<u>1,453,162</u>	<u>-0-</u>	<u>1,453,162</u>
Total Expenses	<u>6,531,309</u>	<u>-0-</u>	<u>6,531,309</u>
<b>Change in Net Assets</b>	<b>(932,934)</b>	<b>345,860</b>	<b>(587,074)</b>
<b>Net Assets at Beginning of Year</b>	<u>11,712,394</u>	<u>793,996</u>	<u>12,506,390</u>
<b>Net Assets at End of Year</b>	<u>\$ 10,779,460</u>	<u>\$ 1,139,856</u>	<u>\$ 11,919,316</u>

**2022**

<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 2,391,035	\$ -0-	\$ 2,391,035
4,397,315	1,131,790	5,529,105
62,490	-0-	62,490
403,208	-0-	403,208
90,753	-0-	90,753
22,242	-0-	22,242
12,621	-0-	12,621
594,794	(594,794)	-0-
<u>7,974,458</u>	<u>536,996</u>	<u>8,511,454</u>
<u>4,774,421</u>	<u>-0-</u>	<u>4,774,421</u>
595,339	-0-	595,339
972,957	-0-	972,957
<u>1,568,296</u>	<u>-0-</u>	<u>1,568,296</u>
<u>6,342,717</u>	<u>-0-</u>	<u>6,342,717</u>
1,631,741	536,996	2,168,737
<u>10,080,653</u>	<u>257,000</u>	<u>10,337,653</u>
<u>\$ 11,712,394</u>	<u>\$ 793,996</u>	<u>\$ 12,506,390</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, 2023 and 2022**

	<b>2023</b>				
	<b>Education</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Cost of Goods Sold</b>	<b>Total</b>
Personnel expenses					
Salaries and wages	\$ 1,138,615	\$ 175,361	\$ 116,030	\$ -0-	\$ 1,430,006
Payroll taxes	85,871	13,225	8,751	-0-	107,847
Employee benefits	82,529	12,711	8,410	-0-	103,650
Total personnel expenses	<u>1,307,015</u>	<u>201,297</u>	<u>133,191</u>	<u>-0-</u>	<u>1,641,503</u>
Depreciation and amortization	1,461,994	3,341	2,210	-0-	1,467,545
Advertising	817,357	125,883	83,293	-0-	1,026,533
Professional and consulting fees	460,525	268,671	291,333	-0-	1,020,529
Event expense	312,426	-0-	-0-	-0-	312,426
Lease expense	235,791	35,795	23,685	-0-	295,271
Solicitation/fundraising expense	-0-	-0-	210,565	-0-	210,565
Memorial utilities	175,639	-0-	-0-	-0-	175,639
Software and database development	103,313	15,165	10,034	-0-	128,512
Cost of products sold or given away	-0-	-0-	-0-	126,680	126,680
Interest and bank fees	64,235	9,893	6,546	-0-	80,674
Repairs and maintenance	38,254	5,892	3,898	-0-	48,044
Insurance	32,926	5,071	3,355	-0-	41,352
Exhibit and equipment purchases	19,410	865	572	-0-	20,847
Office supplies	11,964	1,843	1,219	-0-	15,026
Taxes	3,972	611	405	-0-	4,988
Telephone	-0-	-0-	-0-	-0-	-0-
Miscellaneous	33,326	5,133	3,396	-0-	41,855
Total Expenses	<u>5,078,147</u>	<u>679,460</u>	<u>773,702</u>	<u>126,680</u>	<u>6,657,989</u>
Less: Cost of goods sold, netted in the statements of activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(126,680)</u>	<u>(126,680)</u>
Total Expenses reported in the statements of activities	<u>\$ 5,078,147</u>	<u>\$ 679,460</u>	<u>\$ 773,702</u>	<u>\$ -0-</u>	<u>\$ 6,531,309</u>

**2022**

<b>Education</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Cost of Goods Sold</b>	<b>Total</b>
\$ 1,324,901	\$ 244,608	\$ 142,684	\$ -0-	\$ 1,712,193
99,459	18,363	10,711	-0-	128,533
80,092	14,787	8,625	-0-	103,504
1,504,452	277,758	162,020	-0-	1,944,230
1,249,473	3,892	2,270	-0-	1,255,635
11,673	2,155	1,257	-0-	15,085
724,662	175,894	552,844	-0-	1,453,400
291,350	-0-	-0-	-0-	291,350
260,787	47,454	27,681	-0-	335,922
-0-	-0-	175,444	-0-	175,444
186,871	-0-	-0-	-0-	186,871
125,044	16,828	9,816	-0-	151,688
-0-	-0-	-0-	174,553	174,553
62,136	11,472	6,692	-0-	80,300
46,712	8,624	5,031	-0-	60,367
26,973	4,980	2,905	-0-	34,858
180,900	27,194	15,862	-0-	223,956
34,485	6,367	3,714	-0-	44,566
5,949	1,098	641	-0-	7,688
1,083	200	117	-0-	1,400
61,871	11,423	6,663	-0-	79,957
4,774,421	595,339	972,957	174,553	6,517,270
-0-	-0-	-0-	(174,553)	(174,553)
<b>\$ 4,774,421</b>	<b>\$ 595,339</b>	<b>\$ 972,957</b>	<b>\$ -0-</b>	<b>\$ 6,342,717</b>

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, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (587,074)	\$ 2,168,737
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,467,545	1,255,635
Unrealized (gains) losses on investments	(10,787)	3,248
Realized losses on investments	54	1,181
Changes in operating assets and liabilities:		
Grant and pledges receivable	(391,442)	97,115
Other receivables	3,386	2,628
Inventory	22,070	36,621
Prepaid expenses and other assets	(24,993)	50,509
Operating lease right-of-use assets	211,552	274,448
Accounts payable and accrued expenses	(175,675)	(294,289)
Operating lease liabilities	(306,029)	(336,592)
Deferred revenue	(86,500)	(15,212)
Net Cash Provided by Operating Activities	<u>122,107</u>	<u>3,244,029</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(190,626)	(49,029)
Proceeds from sales of investments	361,984	792,255
Acquisition of property	(12,760)	-0-
Acquisition of memorial assets	(319,054)	(3,451,049)
Net Cash Used in Investing activities	<u>(160,456)</u>	<u>(2,707,823)</u>
<b>Cash Flows from Financing Activities</b>		
Payments on capital lease obligation	<u>-0-</u>	<u>(7,482)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(38,349)</b>	<b>528,724</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>962,837</u>	<u>434,113</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 924,488</u>	<u>\$ 962,837</u>

	<u>2023</u>	<u>2022</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid	<u>\$ -0-</u>	<u>\$ 84</u>
Cash paid for operating leases	<u>\$ 378,310</u>	<u>\$ 367,741</u>
Noncash operating activities		
Right-of-use assets acquired under operating leases	<u>\$ 865,495</u>	<u>\$ 1,846,765</u>
Right-of-use liabilities assumed under operating leases	<u>\$ 865,495</u>	<u>\$ 2,425,682</u>
Noncash investing and financing activities		
Acquisition of memorial assets through accounts payable	<u>\$ -0-</u>	<u>\$ 19,476</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, 2023 and 2022**

**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: 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.

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 management's analysis of expected collection losses. Expected collection losses are generally determined from a review of outstanding pledges receivable, historical collection experience and existing economic conditions. Pledges receivable are written off by management when, in their determination, all appropriate collection efforts have been exhausted. 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, 2023 and 2022**

**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.

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. There was no impairment of long-lived assets recognized in the years ended December 31, 2023 and 2022.

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 and the capital campaign.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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

*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.

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.

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.

**WOMEN IN MILITARY SERVICE FOR AMERICA MEMORIAL FOUNDATION, INC.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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

Leases: The Foundation determines if an arrangement is a lease at the inception of the contract. As of the lease commencement date, each lease is evaluated to determine if it will be classified as an operating or finance lease. Leases with a term of 12 months or less are considered short-term leases and lease assets and liabilities are not recognized. Lease terms include the noncancellable portion of the leases and reasonably certain renewal periods, termination options and purchase options. The Foundation accounts for lease and non-lease components separately. The Foundation uses the risk-free discount rate when the rate implicit in the lease is not available. Variable lease payment amounts that cannot be determined at the commencement of the lease such as lease payments based on changes in index rates or usage are not included in the lease assets or liabilities.

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, 2023 and 2022. 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.

Recently Adopted Accounting Standards: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, 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 balance sheet 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 expensed over the term of the lease and the lease liability will be reduced by lease payments. The Foundation adopted the new lease standard effective as of January 1, 2022.

Reclassifications: Certain amounts previously reported in the financial statements for the year ended December 31, 2022 have been reclassified to conform to the financial statement presentation for the year ended December 31, 2023.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 12, 2024, the date the financial statements were available to be issued. During the period January 1, 2024 through June 12, 2024, the Foundation did not have any material recognizable subsequent events.



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**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:

	2023	2022
Cash and cash equivalents	\$ 924,488	\$ 962,837
Other receivables	-0-	3,386
Investments	93,706	-0-
Financial Assets Available for General Expenditure	<u>\$ 1,018,194</u>	<u>\$ 966,223</u>

The Foundation also holds investments for long-term purposes of \$1,749,411 and \$2,003,742 as of December 31, 2023 and 2022, 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. In the event of an unanticipated liquidity need, the Foundation also could draw upon a \$1,000,000 available operating line of credit (as further discussed in Note 8).

**Note 3: Grant and Pledges Receivable**

Grant and pledges receivable as of December 31, 2023 and 2022 are as follows:

	2023	2022
Grant	\$ 88,195	\$ -0-
Pledges	1,031,063	727,816
Total	<u>\$ 1,119,258</u>	<u>\$ 727,816</u>

Pledges receivable consisted of the following at December 31, 2023 and 2022:

	2023	2022
Receivables due in less than one year	\$ 700,038	\$ 378,763
Receivables due in one to five years	485,000	375,232
	<u>1,185,038</u>	<u>753,995</u>
Less: Present value discount (2023 - 8.5%; 2022 - 7.5%)	65,780	26,179
Total	<u>\$ 1,119,258</u>	<u>\$ 727,816</u>

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

	2023	2022
Current	\$ 700,038	\$ 378,763
Noncurrent	419,220	349,053
	<u>\$ 1,119,258</u>	<u>\$ 727,816</u>

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**Note 4: Investments**

Investments consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and money market funds	\$ 1,468,639	\$ 2,003,742
U.S. Treasury Obligations	297,306	-0-
Corporate stocks	46,437	-0-
Mutual funds	29,827	-0-
Corporate bonds	908	-0-
Total Investments	<u>\$ 1,843,117</u>	<u>\$ 2,003,742</u>

Net investment return for the years ended December 31, 2023 and 2022 was comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 80,563	\$ 26,671
Net realized gain (loss)	(54)	(1,181)
Unrealized gain (loss)	10,787	(3,248)
Net investment return	<u>\$ 91,296</u>	<u>\$ 22,242</u>

**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.

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**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 approximates fair value.

Mutual Funds and Corporate Stocks: Valued at the last sales price reported on the active market in which the individual fund or stock is traded.

U.S. Treasury Obligations and Corporate Bonds: 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, 2023 and 2022:

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Cash and money market funds	\$ 1,468,639	\$ 1,468,639	\$ -0-	\$ -0-
U.S. Treasury Obligations	297,306	-0-	297,306	-0-
Corporate stocks	46,437	46,437	-0-	-0-
Mutual funds	29,827	29,827	-0-	-0-
Corporate bonds	908	-0-	908	-0-
	<u>\$ 1,843,117</u>	<u>\$ 1,544,903</u>	<u>\$ 298,214</u>	<u>\$ -0-</u>
	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Money market funds	<u>\$ 2,003,742</u>	<u>\$ 2,003,742</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**Note 6: Property and Equipment**

Property consisted of the following at December 31, 2023 and 2022:

	2023	2022
Computer equipment	\$ 32,263	\$ 32,263
Leasehold improvements	326,916	326,916
Furniture and office equipment	531,565	518,805
	<u>890,744</u>	<u>877,984</u>
Less: Accumulated depreciation	737,322	694,821
Net Property	<u>\$ 153,422</u>	<u>\$ 183,163</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$42,501 and \$50,699, respectively.

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**Note 7: Memorial**

Capitalized memorial costs consisted of the following at December 31, 2023 and 2022:

	2023	2022
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	4,043,272	3,724,218
	<u>32,243,491</u>	<u>31,924,437</u>
Less: Accumulated depreciation	23,852,433	22,427,389
Net Memorial	<u>\$ 8,391,058</u>	<u>\$ 9,497,048</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,425,044 and \$1,204,936, 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**

The Foundation has 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 1.00% (1.31% for 2022) (9.50% and 8.81% as of December 31, 2023 and 2022, respectively) and are payable in monthly payments of interest through September 20, 2029, 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 and requires for each twelve-month period a thirty-day clean up period whereby a zero balance is maintained. As of December 31, 2023 and 2022, there was no outstanding balance due under the line of credit.

**Note 9: Net Assets with Donor Restrictions**

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

	2023	2022
Purpose and time restricted		
Lockheed Martin - Time Restricted	\$ 625,000	\$ -0-
Northrop Grumman - Time Restricted	333,334	-0-
Leidos - Time Restricted	100,000	-0-
SqFt Campaign - Time Restricted	61,522	87,329
N. Busse Bequest - Purpose Restricted	20,000	20,000
Fluor Foundation - Purpose Restricted	-0-	20,000
The Boeing Company - Time Restricted	-0-	666,667
	<u>\$ 1,139,856</u>	<u>\$ 793,996</u>
Net Assets with Donor Restrictions	<u>\$ 1,139,856</u>	<u>\$ 793,996</u>

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**Note 9: Net Assets with Donor Restrictions (Continued)**

The net assets released from donor restrictions during 2023 and 2022 were the result of expiration of time restrictions, with the exception of \$23,733 and \$15,000, respectively, released due to satisfaction of donor restrictions related to the Sharing HERstory project and Color of Freedom exhibit tour.

**Note 10: In-Kind Contributions**

Noncash in-kind contributions for the years ended December 31, 2023 and 2022 included the following:

	2023	2022
Advertising	\$ 1,016,552	\$ -0-
Legal and other professional fees	74,147	40,333
Event and recognition materials	11,095	12,433
Travel	8,455	7,376
Equipment and supplies	95	2,348
Total	<u>\$ 1,110,344</u>	<u>\$ 62,490</u>

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

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 goods and services for the years ended December 31, 2023 and 2022 are allocated as follows in their respective functional classification:

	2023			
	Management and			
	Education	General	Fundraising	Total
Advertising	\$ 813,242	\$ 121,986	\$ 81,324	\$ 1,016,552
Legal and other professional fees	-0-	74,147	-0-	74,147
Event and recognition materials	11,095	-0-	-0-	11,095
Travel	6,764	1,015	676	8,455
Equipment and supplies	95	-0-	-0-	95
Total	<u>\$ 831,196</u>	<u>\$ 197,148</u>	<u>\$ 82,001</u>	<u>\$ 1,110,344</u>

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**Note 10: In-Kind Contributions (Continued)**

	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	<u>\$ 18,954</u>	<u>\$ 41,901</u>	<u>\$ 1,367</u>	<u>\$ 62,222</u>

**Note 11: Leases**

The Foundation has a noncancelable operating lease for office space, which expires on May 31, 2028. On June 27, 2023, the lease was modified and the term was extended through October 31, 2034. 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 842 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. During 2023, the Foundation recorded additional right-of-use assets and lease liabilities of \$865,495.

The Foundation's total lease expense for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Fixed office lease	\$ 280,594	\$ 302,896
Fixed equipment lease	3,240	2,700
Variable office lease	8,287	26,247
Variable equipment lease	3,150	4,079
Total operating lease liabilities	<u>\$ 295,271</u>	<u>\$ 335,922</u>

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

	2023	2022
Operating lease right-of-use assets	<u>\$ 2,226,260</u>	<u>\$ 1,572,317</u>
Operating lease liabilities:		
Current maturities of operating lease liabilities	\$ 141,449	\$ 351,889
Operating lease liabilities, net of current maturities	<u>2,507,107</u>	<u>1,737,201</u>
Total operating lease liabilities	<u>\$ 2,648,556</u>	<u>\$ 2,089,090</u>

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**Note 11: Leases (Continued)**

Other operating lease details are as follows:

	2023	2022
Weighted average remaining lease term in years	10.80	5.41
Weighted average discount rate	3.84%	1.39%

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

Year ending December 31,	
2023	\$ 240,675
2024	247,223
2025	252,294
2026	258,121
2027	264,632
Thereafter	2,035,177
Total	3,298,122
Less: Amount representing interest (1.12% - 3.84%)	649,566
Present value of future minimum lease payments	\$ 2,648,556

**Note 12: 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 \$27,598 and \$26,053 for the years ended December 31, 2023 and 2022, respectively.

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**Note 13: 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, mutual funds, corporate stocks and bonds, and U.S. Treasury obligations. 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 in federal awards during the year ended December 31, 2022. Amounts received and expended by the Foundation under the federal program are subject to audit by government agencies. Management believed 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% (\$2,391,035) of the Foundation's revenue for the year ended December 31, 2022 was derived from grants awarded by an agency of the U.S. Government.



