

# **United States Foundation for the Commemoration of the World Wars**

Financial Report  
December 31, 2018

## Contents

---

Independent auditor's report	1-2
<hr/>	
Financial statements	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5-6
Statement of cash flows	7
Notes to financial statements	8-13

---



## Independent Auditor's Report

To the Board of Directors  
United States Foundation for the Commemoration of the World Wars

### Report on the Financial Statements

We have audited the accompanying financial statements of United States Foundation for the Commemoration of the World Wars (the Foundation), which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

As disclosed in Note 1 to the financial statements, the Foundation retrospectively adopted the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*RSM US LLP*

Washington, D.C.  
March 29, 2019

United States Foundation for the Commemoration of the World Wars

Statement of Financial Position  
December 31, 2018

---

**Assets**

Current assets:

Cash and cash equivalents	\$ 3,623,332
Prepaid expenses	20,492
Grants and contributions receivable, current portion	5,156,003
Inventory	59,739
Other current assets	7,500
<b>Total current assets</b>	<u>8,867,066</u>

Non-current assets:

Grants and contributions receivable, non-current portion	2,240,904
Website, net	191,063
Works of art	528,525
<b>Total non-current assets</b>	<u>2,960,492</u>

**Total assets** \$ 11,827,558

**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$ 783,210
Accrued expenses	70,559
Fiscal sponsorship of state groups	1,845
Grant liability, current portion	100,000
<b>Total current liabilities</b>	<u>955,614</u>

Net assets:

Without donor restrictions	3,490,211
With donor restrictions	7,381,733
<b>Total net assets</b>	<u>10,871,944</u>

**Total liabilities and net assets** \$ 11,827,558

See notes to financial statements.

**United States Foundation for the Commemoration of the World Wars**

**Statement of Activities  
Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Contributions	\$ 57,267	\$ 2,354,643	\$ 2,411,910
In-kind contributions	907,680	-	907,680
Matching contributions	-	812,783	812,783
Program service	5,969,999	-	5,969,999
Government	1,501,770	-	1,501,770
Poppy seed program	1,857	-	1,857
Miscellaneous income	4,621	-	4,621
Investment income	14,043	-	14,043
Release from restriction	2,550,987	(2,550,987)	-
<b>Total support and revenue</b>	<b>11,008,224</b>	<b>616,439</b>	<b>11,624,663</b>
<b>Expenses:</b>			
<b>Program services:</b>			
<b>Commission:</b>			
Memorial at Pershing Park	289,368	-	289,368
Armistice 2018	69,335	-	69,335
Education	41,399	-	41,399
100C/100M	48,003	-	48,003
State Outreach	719	-	719
WWI Centennial News	1,893	-	1,893
Other programs	11,340	-	11,340
	<u>462,057</u>	<u>-</u>	<u>462,057</u>
<b>Non-commission:</b>			
Armistice 2018	1,928,978	-	1,928,978
Education	1,448,091	-	1,448,091
Memorial at Pershing Park	1,350,800	-	1,350,800
New York	207,198	-	207,198
Other programs	426,468	-	426,468
	<u>5,361,535</u>	<u>-</u>	<u>5,361,535</u>
	<u>5,823,592</u>	<u>-</u>	<u>5,823,592</u>
<b>Supporting services:</b>			
Management and general	959,088	-	959,088
Fundraising	1,376,495	-	1,376,495
	<u>2,335,583</u>	<u>-</u>	<u>2,335,583</u>
<b>Total expenses</b>	<b>8,159,175</b>	<b>-</b>	<b>8,159,175</b>
<b>Change in net assets</b>	<b>2,849,049</b>	<b>616,439</b>	<b>3,465,488</b>
<b>Net assets:</b>			
Beginning of year	<u>641,162</u>	<u>6,765,294</u>	<u>7,406,456</u>
End of year	<u>\$ 3,490,211</u>	<u>\$ 7,381,733</u>	<u>\$ 10,871,944</u>

See notes to financial statements.

## United States Foundation for the Commemoration of the World Wars

### Statement of Functional Expenses Year Ended December 31, 2018

	Commission										
	Program Services					Supporting Services					
	100C/100M	Armistice 2018	Education	Other Programs	Pershing Park	State Outreach	WWI Centennial News	Total	Management and General	Fundraising	Total Commission
Consultant and professional fees	\$ -	\$ 2,668	\$ 36,955	\$ -	\$ 278,853	\$ -	\$ -	\$ 318,476	\$ 34,265	\$ -	\$ 352,741
Educational events and materials	-	-	2,500	-	-	-	-	2,500	-	-	2,500
Special events	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	327	-	1,138	-	-	1,465	3,099	-	4,564
Staff services	57	-	1,154	8,085	1,154	514	-	10,964	71,072	22,498	104,534
Video production	-	66,667	-	-	-	-	-	66,667	-	-	66,667
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-
Accounting and audit fees	-	-	-	-	-	-	-	-	-	-	-
Conferences and trade shows	-	-	-	-	-	-	-	-	-	-	-
Sponsorships	47,926	-	-	-	6,336	-	-	54,262	-	-	54,262
Depreciation	10	-	210	1,475	210	92	-	1,997	9,185	4,104	15,286
Promotional materials	-	-	-	-	-	-	-	-	-	5,195	5,195
Web design and data services	4	-	94	660	94	41	-	893	4,111	1,837	6,841
Dues and subscriptions	4	-	95	670	145	42	1,893	2,849	6,264	2,187	11,300
Shipping and delivery	-	-	4	27	4	3	-	38	456	75	569
Legal fees	-	-	-	-	-	-	-	-	12,140	-	12,140
Insurance	-	-	7	52	7	4	-	70	322	144	536
Telephone and IT	2	-	35	243	35	15	-	330	1,511	675	2,516
Printing	-	-	9	62	1,383	4	-	1,458	3,590	173	5,221
Supplies	-	-	9	66	9	4	-	88	1,794	183	2,065
Professional development	-	-	-	-	-	-	-	-	-	-	-
Bank charges	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-	-
Repair and maintenance	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 48,003</b>	<b>\$ 69,335</b>	<b>\$ 41,399</b>	<b>\$ 11,340</b>	<b>\$ 289,368</b>	<b>\$ 719</b>	<b>\$ 1,893</b>	<b>\$ 462,057</b>	<b>\$ 147,809</b>	<b>\$ 37,071</b>	<b>\$ 646,937</b>

(Continued)

## United States Foundation for the Commemoration of the World Wars

### Statement of Functional Expenses (Continued) Year Ended December 31, 2018

	Non-Commission									
	Program Services					Supporting Services				
	Armistice 2018	Education	Pershing Park	New York Program	Other Programs	Total	Management and General	Fundraising	Total Non-Commission	Total
Consultant and professional fees	\$ 380,815	\$ 511,340	\$ 1,344,766	\$ 188,350	\$ 107,005	\$ 2,532,276	\$ 66,653	\$ 783,255	\$ 3,382,184	\$ 3,734,925
Educational events and materials	334,510	921,650	-	-	-	1,256,160	-	-	1,256,160	1,258,660
Special events	995,960	-	-	4,924	22,349	1,023,233	-	42,400	1,065,633	1,065,633
Travel	24,358	11,355	3,292	-	121,757	160,762	152,449	30,398	343,609	348,173
Staff services	-	-	-	-	-	-	94,087	129,627	223,714	328,248
Video production	159,833	-	-	1,500	750	162,083	-	1,172	163,255	229,922
Rent and utilities	-	-	-	-	-	-	206,359	-	206,359	206,359
Accounting and audit fees	-	-	-	-	-	-	195,784	-	195,784	195,784
Conferences and trade shows	2,591	378	-	9,731	52,168	64,868	6,152	114,212	185,232	185,232
Sponsorships	-	-	-	-	72,823	72,823	-	-	72,823	127,085
Depreciation	-	-	-	-	-	-	31,185	57,716	88,901	104,187
Promotional materials	22,446	1,524	2,742	-	343	27,055	-	59,037	86,092	91,287
Web design and data services	6,149	762	-	1,000	19,723	27,634	12,209	23,739	63,582	70,423
Dues and subscriptions	105	-	-	-	24,517	24,622	7,082	16,024	47,728	59,028
Shipping and delivery	-	-	-	-	25	25	1,563	36,869	38,457	39,026
Legal fees	-	-	-	-	-	-	20,519	-	20,519	32,659
Insurance	-	-	-	-	-	-	1,764	18,223	19,987	20,523
Telephone and IT	-	-	-	-	2,095	2,095	5,160	9,556	16,811	19,327
Printing	1,903	1,082	-	1,693	2,319	6,997	1,415	3,927	12,339	17,560
Supplies	308	-	-	-	594	902	2,611	5,548	9,061	11,126
Professional development	-	-	-	-	-	-	3,511	7,239	10,750	10,750
Bank charges	-	-	-	-	-	-	1,507	-	1,507	1,507
Donations	-	-	-	-	-	-	1,033	-	1,033	1,033
Repair and maintenance	-	-	-	-	-	-	236	482	718	718
<b>Total expenses</b>	<b>\$ 1,928,978</b>	<b>\$ 1,448,091</b>	<b>\$ 1,350,800</b>	<b>\$ 207,198</b>	<b>\$ 426,468</b>	<b>\$ 5,361,535</b>	<b>\$ 811,279</b>	<b>\$ 1,339,424</b>	<b>\$ 7,512,238</b>	<b>\$ 8,159,175</b>

See notes to financial statements.



United States Foundation for the Commemoration of the World Wars

Statement of Cash Flows  
Year Ended December 31, 2018

---

Cash flows from operating activities:	
Change in net assets	\$ 3,465,488
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	104,187
Realized loss on donated stock	1,208
Increase in discount on grant liability	6,336
Decrease in discount on contribution receivable	(64,395)
Donated stock	(250,000)
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants and contributions receivable	(2,788,699)
Prepaid expenses	(982)
Inventory	(57,798)
Funds held by the WWICC	138,361
Increase (decrease) in:	
Accounts payable	569,676
Accrued expenses	20,795
Due to DHS	(453,182)
Agency liabilities	(27,816)
Fiscal sponsorship of state groups	1,845
Grant liability	(100,000)
<b>Net cash provided by operating activities</b>	<u>565,024</u>
Cash flows from investing activities:	
Proceeds from the sale of investments	248,792
Website development costs	(130,160)
Payments for development of works of art	(28,525)
<b>Net cash provided by investing activities</b>	<u>90,107</u>
<b>Net increase in cash and cash equivalents</b>	655,131
Cash and cash equivalents:	
Beginning of year	<u>2,968,201</u>
End of year	<u>\$ 3,623,332</u>

See notes to financial statements.

## United States Foundation for the Commemoration of the World Wars

### Notes to Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** United States Foundation for the Commemoration of the World Wars (the Foundation) was incorporated in the District of Columbia as a not-for-profit organization on July 30, 2013. Its mission is to identify resources to support planning and execution of programs, projects and activities commemorating and educating the public regarding the Centennial of World War One. The Foundation also encourages private organizations and state and local governments to organize and participate in activities commemorating and educating the public regarding the Centennial of World War One. The Foundation began operations in September 2013.

The Foundation is working alongside The World War I Centennial Commission (WWICC or the Commission), as established by The World War I Centennial Commission Act of the United States Congress, to fundraise, design and build a World War I memorial (the Memorial) in Pershing Park in the District of Columbia. The Memorial will be located on land belonging to the National Park Service (NPS) and be under the care of the NPS. The Commission is also responsible for planning, developing and executing programs, projects and activities to commemorate the Centennial of World War One.

The following is a summary of the Foundation's significant accounting policies:

**Basis of accounting:** The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional contributions are recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of the FASB ASC, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with or without donor restrictions.

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor restrictions.

**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.

**Cash and cash equivalents:** For purposes of reporting cash flows, the Foundation considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Financial risk:** The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant financial risk on cash and cash equivalent.

**Grants and contributions receivable:** Unconditional promises to give are recognized as support in the period received or when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises to give are received. Amortization of the discounts is included in contributions in the accompanying statement of activities.

## United States Foundation for the Commemoration of the World Wars

### Notes to Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

An estimate is made for doubtful receivables based on a review of all outstanding balances on an annual basis. The Foundation uses the allowance method to determine uncollectible receivables. The allowance is based on management's analysis of specific promises made. There was no allowance for doubtful accounts recorded as of December 31, 2018.

**Investment:** Investments are carried at fair market value, and realized and unrealized gains and losses are reported in the accompanying statement of activities. It is the Foundation's policy to sell stock donations as soon as practical. The Foundation had sales of donated stock with proceeds totaling \$248,792 and a realized loss of \$1,208 for the year ended December 31, 2018.

**Website:** The website is recorded at cost, less accumulated depreciation. Depreciation is computed over the estimated useful lives of the respective assets on a straight-line basis. The Foundation capitalizes all property and equipment purchased with a cost of \$3,000 or more.

**Works of art:** Works of art are capitalized at cost if purchased and at fair value if donated. The works of art are maquettes that are preliminary models of the Memorial created by a known sculptor. The maquettes are constructed of durable materials and the Foundation intends to maintain them at or near their original condition, and has the means to do so, resulting in an extraordinarily long-lived asset. The maquettes are long-lived works of art and therefore, will not be depreciated.

**Valuation of long-lived assets:** The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

**Revenue recognition:** All donor-restricted support is reported as an increase in net assets with or without donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as release from restriction. Grants and contributions that are restricted in nature are recorded as additions and releases in net assets with donor restrictions even if the restriction is met in the same reporting period. Program service revenue is recognized when services are performed.

**In-kind contributions:** The Foundation receives contributions of services from individuals and businesses toward the fulfillment of program objectives and use of office space. Those contributions have been included in revenue and expense categories and are recorded at their estimated fair values as of the date of the donation. The Foundation also received pro bono legal and accounting services of \$32,659 for the year ended December 31, 2018.

**Functional allocation of expenses:** The costs of providing for various programs and supporting services have been summarized on the functional basis in the statement of activities. Direct costs associated with specific programs are recorded as program expenses. Administrative overhead expenses are allocated to the various programs based on personnel time spent on these activities. Fringe benefits are allocated based on labor dollars spent on these activities. Personnel and administrative costs and rent have been allocated between program, fundraising and operating expenses based on level of effort. Operating expenses consist of general and administrative expenses. Fundraising expenses consist of development expenses.

## United States Foundation for the Commemoration of the World Wars

### Notes to Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Income taxes:** The Foundation is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for charitable contributions deductions under Section 170(b)(1)(A).

The Foundation has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities based on the technical merits of the position.

Management evaluated the Foundation's tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements. Generally, due to the three-year statute of limitations, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2015.

**Adopted accounting pronouncement:** In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The ASU was adopted by the Foundation in 2018.

**Recent accounting pronouncements:** In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America when it becomes effective and permits the use of either full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 31, 2018. The Foundation has not yet elected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In June 2018, FASB issues ASU 2018-08, *Not-for-Profit Entities (Topic 958)*. This new standard will clarify the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in 1) evaluating whether transaction should be accounted for as contributions (nonreciprocal transactions) within the scope or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. The amendments in the ASU should be applied on a modified prospective basis, although retrospective application is permitted. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Entities should apply the amendments for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019. The Foundation is currently assessing the potential impact on the Foundation's financial statements.

**Use of estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

## United States Foundation for the Commemoration of the World Wars

### Notes to Financial Statements

---

#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Subsequent events:** The Foundation evaluated subsequent events through March 29, 2019, which is the date the financial statements were available to be issued.

#### Note 2. Grants and Contributions Receivable

Receivables at December 31, 2018, consist of unrestricted promises to give, as well as contributions promised to fund specific programs. At December 31, 2018, the discount on the receivables due in more than one year was \$109,096 at a rate of 2.01% and 2.46%.

These amounts are expected to be received as follows:

	<u>2018</u>
Due in one year or less	\$ 5,156,003
Due in two to five years	<u>2,350,000</u>
	7,506,003
Less present value discount	(109,096)
	<u><u>\$ 7,396,907</u></u>

The Foundation also has a conditional promise to give from another donor, whereby the donor will contribute \$1,000,000 over 5 years beginning 6 months after the full matching requirement is met. This is not a dollar for dollar match and no match amount becomes payable until the entire matching amount has been raised. The Foundation has not yet met the full match required, and therefore, no receivable has been recorded for this conditional commitment at December 31, 2018.

#### Note 3. Website

Website and accumulated depreciation at December 31, 2018, are as follows:

	<u>Estimated Useful Life</u>	<u>2018</u>
Website	3 years	\$ 429,548
Accumulated depreciation	-	<u>(238,485)</u>
		<u><u>\$ 191,063</u></u>

Depreciation expense for the year ended December 31, 2018, was \$104,187.

#### Note 4. Grant Liability

During December of 2014, the Foundation entered into a grant agreement with Pritzker Military Museum & Library (PMML) with the promise to provide PMML with \$100,000 per year for 5 years for video production and public programming. Payments of unconditional promises to give made over several accounting periods are recorded as a liability and an expense for the entire amount payable and discounted to their net present value at the time the liability is recorded. The Foundation is in final year of payment of \$100,000 and there was no discount recorded at December 31, 2018.

## United States Foundation for the Commemoration of the World Wars

### Notes to Financial Statements

---

#### Note 5. Due to Department of Homeland Security

In earlier years, the Commission was provided services from certain Department of Homeland Security (DHS) employees for the work of the Commission resulting in a payable due to DHS for \$453,354 during the year ended December 31, 2018. This payable was relieved by DHS during the year ended December 31, 2018, and was recognized as an in-kind revenue on the statement of activities.

#### Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions include donor-restricted funds, which are available for program services or restricted for time. Net assets with donor restrictions were released from restrictions due to the time restriction ending or the purpose restriction being accomplished.

Changes in net assets with donor restrictions during the year ended December 31, 2018, are as follows:

	Balance December 31, 2017	Additions	Released	Transfer	Balance December 31, 2018
Purpose restricted:					
Pershing Park	\$ 2,192,081	\$ 1,152,113	\$ (1,668,155)	\$ 1,125,000	\$ 2,801,039
Interpretive Education	-	500,000	-	-	500,000
Education	37,680	-	-	100,000	137,680
Doughboy MIA	-	1,943	-	-	1,943
NY Program	9,184	10,000	(19,184)	-	-
Prince Centennial	1,137	-	(1,137)	-	-
100C/100M	-	50,000	(50,000)	-	-
ND Program	999	1,025	(2,024)	-	-
CA Program	487	-	(487)	-	-
Time restricted:					
Promises to give	4,523,726	1,452,345	(810,000)	(1,225,000)	3,941,071
	<u>\$ 6,765,294</u>	<u>\$ 3,167,426</u>	<u>\$ (2,550,987)</u>	<u>\$ -</u>	<u>\$ 7,381,733</u>

#### Note 7. Related Party

The Foundation is the principal fundraising partner for WWICC, as established by The World War I Centennial Commission Act of the United States Congress. WWICC compensates the Foundation for these fundraising services by providing support in the form of donated management and programming services and donated office space to the Foundation. The amount of in-kind rent and utilities was \$206,359 for the year ended December 31, 2018. The amount of in-kind services was \$204,508, for the year ended December 31, 2018.

On April 23, 2018, the Foundation entered into a contract with the WWICC to provide services to the WWICC under task orders approved by the WWICC. The agreement specified that the Foundation is not subject to the Federal Acquisition Regulations. The amount earned under these exchange agreements by the Foundation for the year ended December 31, 2018, was \$5,969,999, which is shown in program service revenue. The related receivable of \$873,531 is included in grants and contributions receivable.

#### Note 8. Liquidity

The Foundation receives substantial contributions with donor time and purpose restrictions. In addition, the Foundation receives support without donor restrictions.

## United States Foundation for the Commemoration of the World Wars

### Notes to Financial Statements

---

#### Note 8. Liquidity (Continued)

Contributions without donor restrictions and contributions with donor restrictions for use in current activities and programs are considered available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and program expenditures that are expected to be paid in the subsequent year. Annual operations are defined as activities occurring during, and included in the budget for, a calendar year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining a sufficient level of asset liquidity; and
- Monitoring and maintaining reserves to provide reasonable assurance that long-term program goals with donor restrictions will continue to be met.

The Foundation's staff meets at least monthly to review and approve program expenditures. The Foundation forecasts its future cash flows and monitors its liquidity on at least a quarterly basis.

The table below represents financial assets available for general expenditures within one year of December 31, 2018:

Financial assets at year-end:	
Cash and cash equivalents	\$ 3,623,332
Contributions receivable	7,396,907
Total financial assets	<u>11,020,239</u>
Less amounts not available to be used within one year:	
Contributions receivable, donor restricted	<u>(4,736,072)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,284,167</u>

In evaluating the adequacy of financial assets available to sustain long-term purpose or time restricted net assets, the Foundation follows the policy of requiring that financial assets attributable to such commitments defined as financial assets not available to be used within one year, be equal to or greater than the related net assets, measured annually as follows:

Net assets with donor restrictions in total at December 31, 2018	\$ 7,381,733
Less net assets with purpose restrictions to be met within one year	<u>(5,140,661)</u>
Net assets with donor restrictions not available to be used within one year	<u>2,241,072</u>
Financial assets not available to be used within one year	<u>\$ 4,736,072</u>