

United States Foundation for the Commemoration of the World Wars

Financial Report
December 31, 2014

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Independent Auditor's Report

To the Board of Directors
United States Foundation for the Commemoration of the World Wars
Washington, D.C.

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, 2014, and the related statements of activities, functional expenses, and cash flows for the 18-month period 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, 2014, and the changes in its net assets and its cash flows for the 18-month period then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Washington, D.C.
September 14, 2015

United States Foundation for the Commemoration of the World Wars

Statement of Financial Position

December 31, 2014

Assets

Current Assets

Cash	\$ 16,229
Promises to give, current portion	2,515,000
Total current assets	<u>2,531,229</u>

Non-Current Assets

Promises to give, non-current portion	14,518
Website, net	18,197
Total non-current assets	<u>32,715</u>

Total assets \$ 2,563,944

Liabilities and Net Assets

Current Liabilities

Payroll liabilities	\$ 20,648
Grant liability, current portion	100,000
Total current liabilities	<u>120,648</u>

Non-Current Liabilities

Grant liability, non-current portion	384,029
Total liabilities	<u>504,677</u>

Net Assets

Unrestricted	2,023,699
Temporarily restricted	35,568
Total net assets	<u>2,059,267</u>

Total liabilities and net assets \$ 2,563,944

See Notes to Financial Statements.

United States Foundation for the Commemoration of the World Wars

Statement of Activities

18-Month Period Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions	\$ 2,705,730	\$ 40,568	\$ 2,746,298
In-kind contributions	301,029	-	301,029
Interest income	57	-	57
Release from restriction	5,000	(5,000)	-
Total support and revenue	3,011,816	35,568	3,047,384
Expenses			
Program services			
Memorial at Pershing Park	611,874	-	611,874
	611,874	-	611,874
Supporting Services			
Management and general	312,382	-	312,382
Fundraising	63,861	-	63,861
	376,243	-	376,243
Total expenses	988,117	-	988,117
Total change in net assets	2,023,699	35,568	2,059,267
Net Assets			
Inception	-	-	-
End of year	\$ 2,023,699	\$ 35,568	\$ 2,059,267

See Notes to Financial Statements.

United States Foundation for the Commemoration of the World Wars

**Statement of Functional Expenses
18-Month Period Ended December 31, 2014**

	Program	Supporting Services		Total
	Memorial at Pershing Park	Fundraising	Management and General	
Programming Agreement	\$ 484,029	\$ -	\$ -	\$ 484,029
Salaries and Benefits	70,808	18,805	87,740	177,353
Legal Fees	-	-	110,681	110,681
Travel	-	5,173	52,079	57,252
Rent and Utilities	-	-	40,484	40,484
Consultant and Professional Fees	-	27,459	8,624	36,083
GSA Human Resources Services	-	-	19,100	19,100
Meals and Entertainment	-	252	12,584	12,836
Educational Materials	11,965	-	-	11,965
Printing	-	497	8,246	8,743
Design Services	-	-	7,280	7,280
Shipping and Delivery	-	407	5,598	6,005
GSA Financial Management	-	-	5,543	5,543
Depreciation	-	-	5,002	5,002
Dues and Subscriptions	-	-	2,823	2,823
Supplies	-	-	1,855	1,855
Telephone and IT	-	-	933	933
Bank Charges	-	-	150	150
Total expenses before overhead allocation	566,802	52,593	368,722	988,117
Administrative Overhead Allocation	45,072	11,268	(56,340)	-
Total expenses	\$ 611,874	\$ 63,861	\$ 312,382	\$ 988,117

See Notes to Financial Statements.

United States Foundation for the Commemoration of the World Wars

Statement of Cash Flows

18-Month Period Ended December 31, 2014

Cash Flows From Operating Activities	
Change in net assets	\$ 2,059,267
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,002
Discount on promises to give	482
Changes in assets and liabilities:	
Promises to give	(2,530,000)
Payroll liabilities	20,648
Grant liability	470,079
Net cash provided by operating activities	<u>25,478</u>
Cash Flows From Investing Activities	
Website development	<u>(9,249)</u>
Net cash used in investing activities	<u>(9,249)</u>
Net increase in cash	16,229
Cash	
Inception	<u>-</u>
End of year	<u>\$ 16,229</u>
Supplemental Schedule of Noncash Investing and Financing Activities	
Website development included in accounts payable	<u>\$ 13,950</u>

See Notes to Financial Statements.

The 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: The United States Foundation for the Commemoration of the World Wars (the Foundation) was incorporated in the District of Columbia as a nonprofit 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) 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 in Pershing Park in the District of Columbia

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 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation's actions. There were no permanently restricted net assets at December 31, 2014.

Unconditional promises to give: Unconditional promises to give are recognized as revenue in the period received 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.

Unconditional promises to give that will not be collected within one year have been discounted at a rate commensurate with the risks involved less an estimate made for doubtful pledges based on a review of all outstanding pledges on an annual basis. The Foundation uses the allowance method to determine uncollectible promises to give. The allowance is based on management's analysis of specific promises made. There was no allowance for doubtful accounts recorded as of December 31, 2014.

The United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

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

Website: The website is recorded at cost. 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 \$1,000 or more.

Support and revenue recognition: All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions that are met by the Foundation in the year in which they were received are recognized as unrestricted support.

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 services of \$110,681.

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.

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 to comply with provisions of this guidance.

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.

Subsequent events: The Foundation evaluated subsequent events through September 14, 2015, which is the date the financial statements were available to be issued.

The United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

Note 2. Promises to Give

Unconditional promises to give at December 31, 2014, consist of unrestricted promises to give as well as contributions promised to fund specific programs. The Foundation discounted 2014 promises to give due in more than one year at a rate of 1.65%.

These amounts are expected to be received as follows:

Due in one year or less	\$ 2,515,000
Due in two to five years	15,000
	<u>2,530,000</u>
Less present value discount	(482)
	<u><u>\$ 2,529,518</u></u>

The Foundation has a conditional promise to give from a donor whereby the donor will contribute up to \$2,500,000 upon the Foundation collecting matching contributions. The donor will pay the matching donations dollar for dollar, up to \$500,000 annually.

Note 3. Website

Website and accumulated depreciation at December 31, 2014, are as follows:

	Estimated Useful Life	2014
Website	3 years	\$ 23,199
Accumulated depreciation		<u>(5,002)</u>
		<u><u>\$ 18,197</u></u>

Depreciation expense for the 18-month period ended December 31, 2014, was \$5,002.

Note 4. Grant Liability

During the 18-month period ended December 31, 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 five years for video production and public programming. Payments of unconditional promises to give made over several accounting period 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's promises to give is payable over a five-year period and are discounted at a rate of 1.65%. The present value discount as of December 31, 2014, is \$15,971.

The United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets include donor-restricted funds, which are available for program services or restricted for time. Temporarily restricted net assets were released from restrictions during the 18-month period ended December 31, 2014, due to the time restriction ending or the purpose restriction being accomplished.

Changes in temporarily restricted net assets during the 18-month period ended December 31, 2014, are as follows:

	(Inception) Balance September 1, 2013	Additions	Released	Balance December 31, 2014
Purpose restricted				
Website	\$ -	\$ 6,050	\$ -	\$ 6,050
Design competition	-	10,000	-	10,000
Time restricted				
Promises to give	-	24,518	(5,000)	19,518
	<u>\$ -</u>	<u>\$ 40,568</u>	<u>\$ (5,000)</u>	<u>\$ 35,568</u>

Note 6. Related Party

The Foundation is the principal fundraising partner for The World War I Centennial Commission (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 services and rent was \$125,489 and \$40,484, respectively, for the 18-month period ended December 31, 2014. Donated office space is provided through July 31, 2016.