

United States Foundation for the Commemoration of the World Wars

Financial Report
December 31, 2016

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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 statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2016 and 2015, 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.

RSM US LLP

Washington, D.C.
March 24, 2017

United States Foundation for the Commemoration of the World Wars

Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,961,280	\$ 1,584,289
Prepaid expenses	6,328	8,919
Grants and contributions receivable, current portion	370,000	26,533
Deposit	2,500	2,500
Funds held by the WWICC	448,896	204,353
Total current assets	2,789,004	1,826,594
Non-current assets:		
Grants and contributions receivable, non-current portion	255,000	9,839
Investments	-	147,364
Website, net	117,462	58,110
Total non-current assets	372,462	215,313
Total assets	\$ 3,161,466	\$ 2,041,907
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 231,715	\$ 36,303
Accrued expenses	29,253	128,177
Agency liabilities	426,143	300,000
Grant liability, current portion	100,000	100,000
Total current liabilities	787,111	564,480
Non-current liabilities:		
Grant liability, non-current portion	188,872	285,652
Total liabilities	975,983	850,132
Commitments (Note 9)		
Net assets:		
Unrestricted	1,017,517	1,145,153
Temporarily restricted	1,167,966	46,622
Total net assets	2,185,483	1,191,775
Total liabilities and net assets	\$ 3,161,466	\$ 2,041,907

See notes to financial statements.

United States Foundation for the Commemoration of the World Wars

Statements of Activities
Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	\$ 20,245	\$ 2,270,996	\$ 2,291,241	\$ 211,518	\$ 10,250	\$ 221,768
In-kind contributions	1,733,826	-	1,733,826	296,682	-	296,682
Matching contributions	-	578,386	578,386	499,760	21,854	521,614
Realized/unrealized gains (losses) on investments	5,315	-	5,315	(5,096)	-	(5,096)
Miscellaneous income	2,438	-	2,438	86	-	86
Interest income	873	-	873	2,995	-	2,995
Release from restriction	1,728,038	(1,728,038)	-	21,050	(21,050)	-
Total support and revenue	3,490,735	1,121,344	4,612,079	1,026,995	11,054	1,038,049
Expenses:						
Program services:						
Commission:						
Memorial at Pershing Park	1,214,430	-	1,214,430	525,807	-	525,807
369th Experience	175,342	-	175,342	-	-	-
Other programs	149,881	-	149,881	75,695	-	75,695
National April 6th Event	30,054	-	30,054	-	-	-
Prince Centennial Event	8,863	-	8,863	-	-	-
100C/100M	7,969	-	7,969	-	-	-
State Outreach	2,723	-	2,723	-	-	-
WWI Centennial News	223	-	223	-	-	-
	1,589,485	-	1,589,485	601,502	-	601,502
Non-Commission:						
Exhibits	20,867	-	20,867	-	-	-
New York	12,525	-	12,525	1,458	-	1,458
OshKosh	9,541	-	9,541	-	-	-
Other programs	-	-	-	18,765	-	18,765
	42,933	-	42,933	20,223	-	20,223
	1,632,418	-	1,632,418	621,725	-	621,725
Supporting services:						
Management and general	1,378,169	-	1,378,169	936,040	-	936,040
Fundraising	607,784	-	607,784	347,776	-	347,776
	1,985,953	-	1,985,953	1,283,816	-	1,283,816
Total expenses	3,618,371	-	3,618,371	1,905,541	-	1,905,541
Change in net assets	(127,636)	1,121,344	993,708	(878,546)	11,054	(867,492)
Net assets:						
Beginning of year	1,145,153	46,622	1,191,775	2,023,699	35,568	2,059,267
End of year	\$ 1,017,517	\$ 1,167,966	\$ 2,185,483	\$ 1,145,153	\$ 46,622	\$ 1,191,775

See notes to financial statements.

United States Foundation for the Commemoration of the World Wars

Statement of Functional Expenses
Year Ended December 31, 2016

	Commission										Non-Commission									
	Program Services					Supporting Services					Program Services					Supporting Services				
	Pershing	369th	National	Prince Centennial	State	WWI Centennial	Management	Total	Management	Total	Exhibits	NY	OshKosh	Total	Management	Total	Commission	Total		
	Park	Experience	Other	April 6th Event	Event	100C/100M Outreach	News		and General	Fundraising	Commission		Program		and General	Fundraising	Commission			
Consultant and professional fees	\$ 948,391	\$ -	\$ 1,771	\$ 30,000	\$ 500	\$ -	\$ -	\$ -	\$ 980,662	\$ 5,000	\$ 39,000	\$ 1,024,662	\$ -	\$ 5,525	\$ -	\$ 5,525	\$ 43,889	\$ 198,630	\$ 248,044	\$ 1,272,706
Salaries and benefits	189,338	20,000	95,114	-	-	-	-	-	304,452	431,437	68,803	804,692	-	-	-	-	159,781	162,149	321,930	1,126,622
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	388,184	-	388,184	388,184
Sub-Contractor expenses	-	155,342	-	-	-	-	-	-	155,342	-	-	155,342	-	-	-	-	-	-	-	155,342
Accounting and audit fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,672
Travel	7,903	-	1,750	54	2,137	-	2,719	223	14,786	32,068	536	47,390	-	-	4,701	4,701	22,299	15,433	42,433	89,823
Legal fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,426	-	65,426	65,426
Video production	1,358	-	-	-	-	-	-	-	1,358	906	-	2,264	-	-	-	-	3,198	52,933	56,131	58,395
GSA financial management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,300	-	57,300	57,300
Web design and maintenance	6,075	-	688	-	-	7,969	-	-	14,732	5,528	2,682	22,942	-	-	-	-	24,919	1,313	26,232	49,174
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,068	-	43,068	43,068
Dues and subscriptions	-	-	1,199	-	-	-	-	-	1,199	18,113	119	19,431	-	-	-	-	11,413	7,563	18,976	38,407
Meals and entertainment	2,871	-	269	-	6,226	-	4	-	9,370	10,475	-	19,845	-	500	36	536	12,615	97	13,248	33,093
Education materials	-	-	30,000	-	-	-	-	-	30,000	-	-	30,000	-	-	-	-	-	-	-	30,000
Promotional materials	1,626	-	423	-	-	-	-	-	2,049	1,942	-	3,991	-	-	4,256	4,256	2,763	7,900	14,919	18,910
Telephone and IT	-	-	-	-	-	-	-	-	-	10,016	-	10,016	-	-	-	-	4,677	-	4,677	14,693
Conferences and trade shows	-	-	-	-	-	-	-	-	-	6,327	-	6,327	1,635	6,000	-	7,635	500	-	8,135	14,462
Exhibit development	-	-	-	-	-	-	-	-	-	472	-	472	11,800	-	-	11,800	-	-	11,800	12,272
Printing	-	-	-	-	-	-	-	-	-	-	2,105	2,105	-	-	-	-	8,270	1,788	10,058	12,163
Repair and maintenance	-	-	-	-	-	-	-	-	-	562	-	562	7,432	-	-	7,432	3,869	-	11,301	11,863
Supplies	-	-	-	-	-	-	-	-	-	5,103	-	5,103	-	-	-	-	5,547	-	5,547	10,650
Moving expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,183	-	9,183	9,183
Shipping and delivery	101	-	-	-	-	-	-	-	101	1,936	-	2,037	-	-	548	548	1,456	1,066	3,070	5,107
Conferences and trade shows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,945	-	3,945	3,945
Grants to other	3,220	-	-	-	-	-	-	-	3,220	-	-	3,220	-	-	-	-	-	-	-	3,220
Design services and database	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,640	-	1,640	1,640
GSA human resources services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	854	-	854	854
Bank charges	213	-	-	-	-	-	-	-	213	-	-	213	-	-	-	-	484	-	484	697
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	500	-	500	-	-	500	500
Total expenses before overhead allocation	1,161,096	175,342	131,214	30,054	8,863	7,969	2,723	223	1,517,484	529,885	113,245	2,160,614	20,867	12,525	9,541	42,933	965,952	448,872	1,457,757	3,618,371
Administrative overhead allocation	53,334	-	18,667	-	-	-	-	-	72,001	90,667	16,000	178,668	-	-	-	-	(208,335)	29,667	(178,668)	-
Total expenses	\$1,214,430	\$175,342	\$ 149,881	\$ 30,054	\$ 8,863	\$ 7,969	\$ 2,723	\$ 223	\$ 1,589,485	\$ 620,552	\$ 129,245	\$ 2,339,282	\$20,867	\$12,525	\$ 9,541	\$ 42,933	\$ 757,617	\$ 478,539	\$ 1,279,089	\$ 3,618,371

See notes to financial statements.

United States Foundation for the Commemoration of the World Wars

Statement of Functional Expenses
Year Ended December 31, 2015

	Commission						Non-Commission							
	Program Services			Supporting Services			Program Services				Supporting Services			
	Pershing Park	Other	Total	Fundraising	Management and General	Total Commission	New York City Activities	Lustania Event	Other	Total	Fundraising	Management and General	Total Non-Commission	Total
Salaries and benefits	\$ 92,725	\$ 30,252	\$ 122,977	\$ 79,782	\$ 439,691	\$ 642,450	\$ -	\$ -	\$ -	\$ -	\$ 146,311	\$ 105,217	\$ 251,528	\$ 893,978
Consultant and professional fees	347,459	160	347,619	-	-	347,619	-	300	850	1,150	20,000	160	21,310	368,929
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-	187,702	187,702	187,702
Legal fees	-	-	-	-	-	-	-	-	-	-	-	85,702	85,702	85,702
Accounting and audit fees	-	-	-	-	-	-	-	-	-	-	-	74,454	74,454	74,454
GSA financial management	-	-	-	-	-	-	-	-	-	-	-	57,300	57,300	57,300
Travel	12,140	15,536	27,676	-	4,688	32,364	-	3,180	-	3,180	5,875	10,929	19,984	52,348
Web design and maintenance	5,511	281	5,792	-	-	5,792	-	-	-	-	4,003	32,666	36,669	42,461
GSA human resources services	-	-	-	-	-	-	-	-	-	-	-	33,996	33,996	33,996
Meals and entertainment	1,326	7,670	8,996	9	581	9,586	1,458	-	-	1,458	1,185	5,625	8,268	17,854
Depreciation	-	-	-	-	-	-	-	-	-	-	-	18,193	18,193	18,193
Printing	1,234	284	1,518	5,891	622	8,031	-	-	-	-	6,190	2,394	8,584	16,615
Exhibit development	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Supplies	559	-	559	-	-	559	-	-	10,000	10,000	-	-	-	10,000
Dues and subscriptions	-	-	-	-	125	125	-	-	-	-	1,482	7,325	8,807	9,366
Shipping and delivery	-	-	-	-	-	-	-	-	-	-	4,860	4,004	8,864	8,989
Conferences and trade shows	-	-	-	-	-	-	-	-	4,435	4,435	322	2,564	7,321	7,321
Insurance	-	-	-	-	-	-	-	-	-	-	4,257	-	4,257	4,257
Telephone and IT	-	-	-	-	-	-	-	-	-	-	-	4,100	4,100	4,100
Design services and database	1,600	-	1,600	-	-	1,600	-	-	-	-	-	3,979	3,979	3,979
Donations	-	-	-	-	-	-	-	-	-	-	-	2,280	2,280	3,880
Grants to other	1,623	-	1,623	-	-	1,623	-	-	-	-	-	1,000	1,000	1,000
Repair and maintenance	-	-	-	-	-	-	-	-	-	-	-	595	595	595
Promotional materials	167	-	167	-	-	167	-	-	-	-	-	424	424	591
Bank charges	-	-	-	-	-	-	-	-	-	-	-	308	308	308
Total expenses before overhead allocation	464,344	54,183	518,527	85,682	445,707	1,049,916	1,458	3,480	15,285	20,223	194,485	640,917	855,625	1,905,541
Administrative overhead allocation	61,463	21,512	82,975	18,439	104,487	205,901	-	-	-	-	49,170	(255,071)	(205,901)	-
Total expenses	\$ 525,807	\$ 75,695	\$ 601,502	\$ 104,121	\$ 550,194	\$ 1,255,817	\$ 1,458	\$ 3,480	\$ 15,285	\$ 20,223	\$ 243,655	\$ 385,846	\$ 649,724	\$ 1,905,541

See notes to financial statements.

United States Foundation for the Commemoration of the World Wars

Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 993,708	\$ (867,492)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,068	18,193
Realized gains on investments	(5,315)	-
Decrease in discount on promises to give	-	(242)
Unrealized losses	-	5,096
Donation of stock	-	(152,460)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(588,628)	2,493,388
Prepaid expenses	2,591	(8,919)
Deposit	-	(2,500)
Funds held by the WWICC	(244,543)	(204,353)
Increase (decrease) in:		
Accounts payable	195,412	50,253
Accrued expenses	(98,924)	107,529
Agency liabilities	126,143	300,000
Grant liability	(96,780)	(98,377)
Net cash provided by operating activities	326,732	1,640,116
Cash flows from investing activities:		
Proceeds from the sale of investments	152,679	-
Website development costs	(102,420)	(72,056)
Net cash provided by (used in) investing activities	50,259	(72,056)
Net increase in cash and cash equivalents	376,991	1,568,060
Cash and cash equivalents:		
Beginning of year	1,584,289	16,229
End of year	\$ 1,961,280	\$ 1,584,289
Supplemental schedule of noncash investing and financing activities:		
Donation of stock	\$ -	\$ 152,460

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

Unrestricted net assets: 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, 2016 and 2015.

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

Grants and contributions receivable: 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.

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, 2016 and 2015.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

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

Investment: Investments are carried at fair market value, and realized and unrealized gains and losses are reported in the accompanying statement of activities. During the year ended December 31, 2015, the Foundation received a donation of the common stock of a publicly traded company. The stock was valued at \$147,364 at December 31, 2015, and incurred an unrealized loss of \$5,096 during the year ended December 31, 2015. The stock was sold and incurred a realized gain of \$5,315 during the year ended December 31, 2016.

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 \$3,000 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 release from restriction. Grants and contributions that are temporarily restricted are recorded as additions and releases in temporarily restricted net assets, even if the restriction is met in the same reporting period.

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. For the years ended December 31, 2016 and 2015, the Foundation also received pro-bono legal services of \$65,426 and \$85,702, respectively.

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.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

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

Recent accounting pronouncements: In August 2016, the FASB issued Accounting Standards Update (ASU) No. 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 will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Foundation is currently assessing the potential impact of this ASU on the financial statements.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations*. The amendments in this ASU are intended to improve the guidance on principal versus agent considerations. The effective date for this ASU is for annual reporting periods beginning after December 15, 2018. The Foundation is currently assessing the potential impact of this ASU on the financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update clarify the guidance regarding the classification of operating, investing and financing activities for certain types of cash receipts and payments. The amendments in this update are effective for the annual periods, and the interim periods within those years, beginning after December 15, 2018, and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Foundation is currently assessing the potential impact of this ASU on the financial statements.

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.

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 March 24, 2017, which is the date the financial statements were available to be issued.

Note 2. Grants and Contributions Receivable

Receivables at December 31, 2016 and 2015, consist of unrestricted promises to give as well as contributions promised to fund specific programs. No discount was recorded for the multiyear receivables due in two to five years as the discount was not material to the financial statements at December 31, 2016. At December 31, 2015, the Foundation discounted the receivables due in more than one year at a rate of 1.65%.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

Note 2. Grants and Contribution Receivable (Continued)

These amounts are expected to be received as follows:

	2016	2015
Due in one year or less	\$ 370,000	\$ 26,533
Due in two to five years	255,000	10,081
	<u>625,000</u>	<u>36,614</u>
Less present value discount	-	(242)
	<u>\$ 625,000</u>	<u>\$ 36,372</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. During each of the years ended December 31, 2016 and 2015, the Foundation met the full \$500,000 annual match available and received \$500,000 from the donor in each year. The remaining amount of potential matching funds to be received was \$2,000,000 at December 31, 2015 and is \$1,500,000 as of December 31, 2016. A matching gifts receivable of \$100,000 and \$21,614 is recorded at December 31, 2016 and 2015, respectively, for matching contributions recorded in 2016 and 2015 to be matched by the donor in 2017 and 2016.

Note 3. Fair Value Measurements

The Fair Value Measurement Topic of the ASC defines fair value 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, and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments in this category generally include corporate bonds and notes. There were no Level 2 inputs for any assets or liabilities held by the Foundation at December 31, 2016 and 2015.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. There were no Level 3 inputs for any assets or liabilities held by the Foundation at December 31, 2016 and 2015.

The common stock valued at \$147,364 at December 31, 2015, is publicly traded and priced daily and therefore classified as a Level 1 investment.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

Note 4. Website

Website and accumulated depreciation at December 31, 2016 and 2015, are as follows:

	Estimated Useful Life	2016	2015
Website	3 years	\$ 175,477	\$ 81,306
Accumulated depreciation	-	(58,015)	(23,196)
		<u>\$ 117,462</u>	<u>\$ 58,110</u>

Depreciation expense for the years ended December 31, 2016 and 2015, was \$43,068 and \$18,193, respectively.

Note 5. 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 five 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'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, 2016 and 2015, is \$11,128 and \$14,348, respectively. The amount of the gross liability is \$300,000 and \$400,000 at December 31, 2016 and 2015, respectively.

Note 6. Agency Transactions

During the years ended December 31, 2016 and 2015, the Foundation received \$1,516,361 and \$400,000, respectively, in funds from donors to be disbursed by the Foundation to an organization for the repair of a certain other memorial. As the Foundation is acting as an agent for these funds, these are not recorded in the revenues and expenses of the Foundation. During the years ended December 31, 2016 and 2015, the Foundation disbursed \$1,390,218 and \$100,000, respectively, with a remaining agency liability of \$426,143 and \$300,000 as of December 31, 2016 and 2015, respectively.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

Note 7. 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 due to the time restriction ending or the purpose restriction being accomplished.

Changes in temporarily restricted net assets during the year ended December 31, 2016, are as follows:

	Balance December 31, 2015	Additions	Released	Balance December 31, 2016
Purpose restricted:				
369th Experience	\$ -	\$ 200,000	\$ (175,342)	\$ 24,658
NY Program	10,250	21,000	(13,741)	17,509
Perishing Park	-	1,524,996	(1,025,092)	499,904
Prince Centennial	-	10,000	(8,863)	1,137
Time restricted:				
Promises to give	36,372	1,093,386	(505,000)	624,758
	<u>\$ 46,622</u>	<u>\$ 2,849,382</u>	<u>\$ (1,728,038)</u>	<u>\$ 1,167,966</u>

Changes in temporarily restricted net assets during the year ended December 31, 2015, are as follows:

	Balance December 31, 2014	Additions	Released	Balance December 31, 2015
Purpose restricted:				
Website	\$ 6,050	\$ -	\$ (6,050)	\$ -
Design competition	10,000	-	(10,000)	-
New York program	-	10,250	-	10,250
Time restricted:				
Promises to give	19,518	21,854	(5,000)	36,372
	<u>\$ 35,568</u>	<u>\$ 32,104</u>	<u>\$ (21,050)</u>	<u>\$ 46,622</u>

Note 8. 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 was \$388,184 and \$187,702, respectively, for the years ended December 31, 2016 and 2015. The amount of services was \$1,280,217 and \$23,278, respectively, for the years ended December 31, 2016 and 2015.

During the year ended December 31, 2015, the Foundation began making periodic payments to the WWICC to pay for the GSA management expenses and salaries of the Foundation as these are all employees of WWICC. The amount of advance payments held by WWICC as of December 31, 2016 and 2015, is \$448,896 and \$204,353 which is expected to be utilized in the following year.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

Note 9. Commitments

During March 2016, the Foundation entered into an agreement for conceptual and architectural design for the Pershing Park World War I Memorial. The amount related to landscape design is estimated to not exceed \$134,000 in 2017 and the service has been completed as of February 28, 2017.

During August 2016, the Foundation entered into an agreement for a capital campaign consultant. The amount of the commitment related to the campaign is \$198,000 in 2017 and \$181,500 in 2018. The service is to be completed by November 24, 2018.