

United States Foundation for the Commemoration of the World Wars

Financial Report
December 31, 2017

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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 statements of financial position as of December 31, 2017 and 2016, 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, 2017 and 2016, 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.
April 2, 2018

United States Foundation for the Commemoration of the World Wars

Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,968,201	\$ 1,961,280
Prepaid expenses	19,510	6,328
Grants and contributions receivable, current portion	1,617,304	370,000
Other current assets	9,441	2,500
Funds held by the WWICC	138,361	448,896
Total current assets	4,752,817	2,789,004
Non-current assets:		
Grants and contributions receivable, non-current portion	2,926,509	255,000
Website, net	165,090	117,462
Works of art	500,000	-
Total non-current assets	3,591,599	372,462
Total assets	\$ 8,344,416	\$ 3,161,466
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 213,534	\$ 231,715
Accrued expenses	49,764	29,253
Due to DHS	453,182	-
Agency liabilities	27,816	426,143
Grant liability, current portion	100,000	100,000
Total current liabilities	844,296	787,111
Non-current liabilities:		
Grant liability, non-current portion	93,664	188,872
Total liabilities	937,960	975,983
Commitments (Note 9)		
Net assets:		
Unrestricted	641,162	1,017,517
Temporarily restricted	6,765,294	1,167,966
Total net assets	7,406,456	2,185,483
Total liabilities and net assets	\$ 8,344,416	\$ 3,161,466

See notes to financial statements.

United States Foundation for the Commemoration of the World Wars

Statements of Activities
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	\$ 161,886	\$ 7,069,715	\$ 7,231,601	\$ 20,245	\$ 2,270,996	\$ 2,291,241
In-kind contributions	913,734	-	913,734	1,733,826	-	1,733,826
Matching contributions	-	587,217	587,217	-	578,386	578,386
Program service	500,000	-	500,000	-	-	-
Poppy seed program	24,781	-	24,781	-	-	-
Miscellaneous income	6,829	-	6,829	2,438	-	2,438
Interest income	866	-	866	873	-	873
Realized/unrealized gains on investments	-	-	-	5,315	-	5,315
Release from restriction	2,059,604	(2,059,604)	-	1,728,038	(1,728,038)	-
Total support and revenue	3,667,700	5,597,328	9,265,028	3,490,735	1,121,344	4,612,079
Expenses:						
Program services:						
Commission:						
Memorial at Pershing Park	937,801	-	937,801	1,214,430	-	1,214,430
National April 6th Event	701,491	-	701,491	30,054	-	30,054
369th Experience	24,658	-	24,658	175,342	-	175,342
Other programs	68,727	-	68,727	149,881	-	149,881
Prince Centennial Event	-	-	-	8,863	-	8,863
100C/100M	-	-	-	7,969	-	7,969
State Outreach	-	-	-	2,723	-	2,723
WWI Centennial News	-	-	-	223	-	223
	1,732,677	-	1,732,677	1,589,485	-	1,589,485
Non-commission:						
Exhibits	219,466	-	219,466	20,867	-	20,867
New York	8,082	-	8,082	12,525	-	12,525
OshKosh	-	-	-	9,541	-	9,541
Other programs	2,634	-	2,634	-	-	-
	230,182	-	230,182	42,933	-	42,933
	1,962,859	-	1,962,859	1,632,418	-	1,632,418
Supporting services:						
Management and general	1,345,279	-	1,345,279	1,378,169	-	1,378,169
Fundraising	735,917	-	735,917	607,784	-	607,784
	2,081,196	-	2,081,196	1,985,953	-	1,985,953
Total expenses	4,044,055	-	4,044,055	3,618,371	-	3,618,371
Change in net assets	(376,355)	5,597,328	5,220,973	(127,636)	1,121,344	993,708
Net assets:						
Beginning of year	1,017,517	1,167,966	2,185,483	1,145,153	46,622	1,191,775
End of year	\$ 641,162	\$ 6,765,294	\$ 7,406,456	\$ 1,017,517	\$ 1,167,966	\$ 2,185,483

See notes to financial statements.

United States Foundation for the Commemoration of the World Wars

Statement of Functional Expenses
Year Ended December 31, 2017

	Commission								Non-Commission							
	Program Services				Supporting Services				Program Services				Supporting Services			
	Pershing	National April 6th	369th	Total	Management and	Total	Commission	Total	Exhibits	NY	Total	Management and	Total	Commission	Total	
	Park	Event	Experience		Other					General		Fundraising				Other
Consultant and professional fees	\$ 817,550	\$ 223,241	\$ -	\$ 12,320	\$ 1,053,111	\$ 91,182	\$ 18,271	\$ 1,162,564	\$ -	\$ 1,511	\$ -	\$ 1,511	\$ 494	\$ 327,849	\$ 329,854	\$ 1,492,418
Salaries and benefits	64,174	-	-	42,761	106,935	280,172	100,127	487,234	-	-	-	-	161,439	193,956	355,395	842,629
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-	-	419,407	-	419,407	419,407
Conferences and trade shows	18,769	310,084	-	-	328,853	5,000	-	333,853	-	-	-	-	-	-	-	333,853
Exhibit development	-	-	-	-	-	-	-	-	219,466	-	-	219,466	-	-	219,466	219,466
Accounting and audit fees	-	-	-	-	-	-	-	-	-	-	-	100,608	-	-	100,608	100,608
Travel	4,105	56,156	-	1,416	61,677	32,314	6,056	100,047	-	1,261	-	1,261	3,283	1,501	6,045	106,092
GSA	-	-	-	-	-	95,254	-	95,254	-	-	-	-	-	-	-	95,254
Meals and entertainment	1,914	46,253	-	-	48,167	1,067	42	49,276	-	2,500	627	3,127	4,535	26,685	34,347	83,623
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	76,283	-	76,283	76,283
Web design and maintenance	-	10,800	-	-	10,800	-	-	10,800	-	-	161	161	60,488	-	60,649	71,449
Legal fees	-	-	-	-	-	-	-	-	-	-	-	-	41,216	-	41,216	41,216
Supplies	720	19,884	-	-	20,604	2,763	-	23,367	-	297	180	477	1,038	-	1,515	24,882
Sub-contractor expenses	-	-	24,658	-	24,658	-	-	24,658	-	-	-	-	-	-	-	24,658
Dues and subscriptions	-	200	-	599	799	5,738	-	6,537	-	-	-	-	8,451	3,245	11,696	18,233
Promotional materials	3,471	5,440	-	-	8,911	6,132	-	15,043	-	-	1,666	1,666	222	800	2,688	17,731
Telephone and IT	-	-	-	-	-	15,256	-	15,256	-	-	-	-	-	-	-	15,256
Insurance	1,721	6,935	-	-	8,656	-	-	8,656	-	-	-	-	4,067	-	4,067	12,723
Video production	3,500	6,712	-	-	10,212	-	-	10,212	-	2,200	-	2,200	-	-	2,200	12,412
Shipping and delivery	-	7,747	-	-	7,747	2,940	-	10,687	-	-	-	-	1,295	-	1,295	11,982
Printing	3,472	3,039	-	-	6,511	198	281	6,990	-	313	-	313	476	541	1,330	8,320
Design services and database	-	5,000	-	-	5,000	-	-	5,000	-	-	-	-	-	-	-	5,000
Grants to other	4,791	-	-	-	4,791	-	-	4,791	-	-	-	-	-	-	-	4,791
Bank charges	685	-	-	3,551	4,236	-	-	4,236	-	-	-	-	533	-	533	4,769
Donations	-	-	-	-	-	1,000	-	1,000	-	-	-	-	-	-	-	1,000
Total expenses before overhead allocation	924,872	701,491	24,658	60,647	1,711,668	539,016	124,777	2,375,461	219,466	8,082	2,634	230,182	883,835	554,577	1,668,594	4,044,055
Administrative overhead allocation	12,929	-	-	8,080	21,009	53,330	19,393	93,732	-	-	-	-	(130,902)	37,170	(93,732)	-
Total expenses	\$ 937,801	\$ 701,491	\$ 24,658	\$ 68,727	\$ 1,732,677	\$ 592,346	\$ 144,170	\$ 2,469,193	\$ 219,466	\$ 8,082	\$ 2,634	\$ 230,182	\$ 752,933	\$ 591,747	\$ 1,574,862	\$ 4,044,055

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	National	369th	Prince	100C/	State	WWI	Total	Management		Total	NY			Management		Total	Total	Total	
	Park	April 6th	Experience	Centennia	100M	Outreach	Centennia		and General	Fundraising		Commission	Exhibits	Program	OshKosh	and General				Fundraising
Consultant and professional fees	\$ 948,391	\$ 30,000	\$ -	\$ 1,771	\$ 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	7,903	54	-	1,750	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
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	30,054	175,342	131,214	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	\$ 30,054	\$ 175,342	\$ 149,881	\$ 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

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 5,220,973	\$ 993,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,283	43,068
Realized gain on investments	-	(5,315)
Decrease in discount on grant liability	4,792	3,220
Increase in discount on contribution receivable	173,491	-
Contribution restricted for works of art	(500,000)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(4,092,304)	(588,628)
Prepaid expenses	(13,182)	2,591
Other current assets	(6,941)	-
Funds held by the WWICC	310,535	(244,543)
Increase (decrease) in:		
Accounts payable	(18,181)	195,412
Accrued expenses	20,511	(98,924)
Due to DHS	453,182	-
Agency liabilities	(398,327)	126,143
Grant liability	(100,000)	(100,000)
Net cash provided by operating activities	1,130,832	326,732
Cash flows from investing activities:		
Proceeds from the sale of investments	-	152,679
Website development costs	(123,911)	(102,420)
Payments for development of works of art	(500,000)	-
Net cash (used in) provided by investing activities	(623,911)	50,259
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Contribution restricted for works of art	500,000	-
Net cash provided by financing activities	500,000	-
Net increase in cash and cash equivalents	1,006,921	376,991
Cash and cash equivalents:		
Beginning of year	1,961,280	1,584,289
End of year	\$ 2,968,201	\$ 1,961,280

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, 2017 and 2016.

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.

At times during the year, the Foundation maintains cash balances at commercial financial institutions in excess of the Securities Investor Protection Corporation (SIPC) limit of \$250,000 for un-invested cash balances. At December 31, 2017 and 2016, cash bank balances totaling \$2,967,909 and \$1,961,280, respectively, exceeded the limit. The Foundation monitors the creditworthiness of these institutions and has not experienced any losses on its cash balances.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

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

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 statements of activities.

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, 2017 and 2016.

Investment: Investments are carried at fair market value, and realized and unrealized gains and losses are reported in the accompanying statements 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 \$152,679 and a realized gain of \$5,315 for the year ended December 31, 2016.

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.

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 statements 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.

Program service: The Foundation received a grant during the year ended December 31, 2017, to support the lead artist and his fabrication team who will be assisting in the creation of a one-eighth scale model of the Memorial. Revenue is recognized as 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 \$42,151 for the year ended December 31, 2017, and pro-bono legal services of \$65,426 for the year ended December 31, 2016.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

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

Functional allocation of expenses: The costs of providing for various programs and supporting services have been summarized on the functional basis in the statements 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.

Recent accounting pronouncements: 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 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 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.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

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

In March 2016, the FASB issued ASU 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.

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 April 2, 2018, which is the date the financial statements were available to be issued.

Note 2. Grants and Contributions Receivable

Receivables at December 31, 2017 and 2016, consist of unrestricted promises to give as well as contributions promised to fund specific programs. At December 31, 2017, the Foundation discounted the receivables due in more than one year at a rate of 2.01%. No discount was recorded for the multi-year receivables at December 31, 2016, as the discount was not material to the financial statements.

These amounts are expected to be received as follows:

	2017	2016
Due in one year or less	\$ 1,617,304	\$ 370,000
Due in two to five years	3,100,000	255,000
	<u>4,717,304</u>	<u>625,000</u>
Less present value discount	(173,491)	-
	<u>\$ 4,543,813</u>	<u>\$ 625,000</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 the years ended December 31, 2017 and 2016, 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 \$1,000,000 as of December 31, 2017, and \$1,500,000 at December 31, 2016. A matching gifts receivable of \$187,217 and \$100,000 is recorded at December 31, 2017 and 2016, respectively, for matching contributions recorded in 2017 and 2016 to be matched by the donor in 2018 and 2017.

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

Note 3. Website

Website and accumulated depreciation at December 31, 2017 and 2016, are as follows:

	Estimated Useful Life	2017	2016
Website	3 years	\$ 299,388	\$ 175,477
Accumulated depreciation	-	(134,298)	(58,015)
		<u>\$ 165,090</u>	<u>\$ 117,462</u>

Depreciation expense for the years ended December 31, 2017 and 2016, was \$76,283 and \$43,068, respectively.

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 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, 2017 and 2016, is \$6,336 and \$11,128, respectively. The amount of the gross liability is \$200,000 and \$300,000 at December 31, 2017 and 2016, respectively.

Note 5. Due to Department of Homeland Security

The Commission was provided the services of certain Department of Homeland Security (DHS) employees for the work of the Commission resulting in a payable due to DHS in the amount of \$453,182 at December 31, 2017.

Note 6. Agency Transactions

During the years ended December 31, 2017 and 2016, the Foundation received \$53,848 and \$1,516,361, respectively, in funds from donors to be disbursed by the Foundation to an organization for the repair of a certain other memorial. During the years ended December 31, 2017 and 2016, the Foundation disbursed \$452,175 and \$1,390,218, respectively, with a remaining agency liability of \$27,816 and \$426,143 as of December 31, 2017 and 2016, respectively. As the Foundation is acting as an agent for these funds, these are not recorded in the revenues and expenses of the Foundation.

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, 2017, are as follows:

	Balance December 31, 2016	Additions	Released	Balance December 31, 2017
Purpose restricted:				
369th Experience	\$ 24,658	\$ -	\$ (24,658)	\$ -
NY Program	17,509	-	(8,325)	9,184
Pershing Park	499,904	2,585,313	(893,136)	2,192,081
Prince Centennial	1,137	-	-	1,137
National April 6th Event	-	299,980	(299,980)	-
Prince Plaque	-	3,551	(3,551)	-
ND Program	-	3,006	(2,007)	999
CA Program	-	1,114	(627)	487
Education	-	50,000	(12,320)	37,680
Time restricted:				
Promises to give	624,758	4,713,968	(815,000)	4,523,726
	<u>\$ 1,167,966</u>	<u>\$ 7,656,932</u>	<u>\$ (2,059,604)</u>	<u>\$ 6,765,294</u>

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
Pershing 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>

United States Foundation for the Commemoration of the World Wars

Notes to Financial Statements

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 and utilities was \$419,407 and \$388,184, for the years ended December 31, 2017 and 2016, respectively. The amount of in-kind services was \$452,176 and \$1,280,216, for the years ended December 31, 2017 and 2016, respectively.

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, 2017 and 2016, is \$138,361 and \$448,896, respectively, which is expected to be utilized in the following year.

Note 9. Commitments

During August 2016, the Foundation entered into an agreement for a capital campaign consultant. The amount of the commitment related to the campaign is \$181,500 at December 31, 2017. The service is to be completed by November 24, 2018.