

**Vietnam Veterans Memorial Fund, Inc.**

Financial Statements  
and Independent Auditors' Report

September 30, 2021 and 2020

**Vietnam Veterans Memorial Fund, Inc.**

Financial Statements  
September 30, 2021 and 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Vietnam Veterans Memorial Fund, Inc.

We have audited the accompanying financial statements of Vietnam Veterans Memorial Fund, Inc. (“the Fund”), which comprise the statement of financial position as of September 30, 2021; 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 controls 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 Fund as of September 30, 2021, 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.

***Report on Summarized Comparative Information***

We have previously audited the Fund's September 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2021. In our opinion, the summarized comparative information presented herein, as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font. The word "Rogers" is written in a larger, more prominent script, followed by a plus sign and the words "Company PLLC".

Vienna, Virginia  
March 14, 2022

**Vietnam Veterans Memorial Fund, Inc.**

Statement of Financial Position  
September 30, 2021  
(With Comparative Totals for September 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>Assets</b>				
Cash and cash equivalents	\$ 957,161	\$ 3,750	\$ 960,911	\$ 1,529,366
Investments	7,161,494	2,464,567	9,626,061	6,793,211
Contributions receivable	-	-	-	15,100
Prepaid expenses and deposits	474,775	-	474,775	177,776
Property and equipment, net	2,452,353	-	2,452,353	3,093,826
Total assets	<u>\$ 11,045,783</u>	<u>\$ 2,468,317</u>	<u>\$ 13,514,100</u>	<u>\$ 11,609,279</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 284,829	\$ -	\$ 284,829	\$ 255,282
Grants to be repaid per donor contracts	200,000	-	200,000	200,000
Deferred revenue	62,000	-	62,000	141,000
Deferred rent	44,238	-	44,238	188,876
Total liabilities	<u>591,067</u>	<u>-</u>	<u>591,067</u>	<u>785,158</u>
<b>Net Assets</b>				
Without donor restrictions				
Undesignated	5,454,716	-	5,454,716	8,505,468
Board-designated endowment fund	5,000,000	-	5,000,000	-
Total without donor restrictions	10,454,716	-	10,454,716	8,505,468
With donor restrictions	<u>-</u>	<u>2,468,317</u>	<u>2,468,317</u>	<u>2,318,653</u>
Total net assets	<u>10,454,716</u>	<u>2,468,317</u>	<u>12,923,033</u>	<u>10,824,121</u>
Total liabilities and net assets	<u>\$ 11,045,783</u>	<u>\$ 2,468,317</u>	<u>\$ 13,514,100</u>	<u>\$ 11,609,279</u>

See accompanying notes.

**Vietnam Veterans Memorial Fund, Inc.**

Statement of Activities  
For the Year Ended September 30, 2021  
(With Comparative Totals for the Year Ended September 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>Operating Revenue and Support</b>				
Contributions	\$ 6,351,785	\$ 3,750	\$ 6,355,535	\$ 6,021,464
Donated goods and services	3,838,980	-	3,838,980	3,706,901
Grants	-	-	-	212,162
Site fees	220,000	-	220,000	120,000
Royalty income	198,410	-	198,410	151,972
Investment return, net	853,122	542,483	1,395,605	(423,481)
Other income	28,327	-	28,327	20,197
Released from restrictions	396,569	(396,569)	-	-
<b>Total operating revenue and support</b>	<b>11,887,193</b>	<b>149,664</b>	<b>12,036,857</b>	<b>9,809,215</b>
<b>Expenses</b>				
Program services:				
Memorial legacy	6,667,438	-	6,667,438	6,564,348
Ceremonies and events	136,978	-	136,978	168,025
In Memory	207,403	-	207,403	177,470
The Wall That Heals	672,372	-	672,372	584,123
Outreach	128,798	-	128,798	116,161
Education programs	302,496	-	302,496	294,019
Memorial maintenance	115,435	-	115,435	128,043
<b>Total program services</b>	<b>8,230,920</b>	<b>-</b>	<b>8,230,920</b>	<b>8,032,189</b>
Supporting services:				
Fundraising	1,335,088	-	1,335,088	1,670,157
General and administrative	329,137	-	329,137	385,845
<b>Total supporting services</b>	<b>1,664,225</b>	<b>-</b>	<b>1,664,225</b>	<b>2,056,002</b>
<b>Total expenses</b>	<b>9,895,145</b>	<b>-</b>	<b>9,895,145</b>	<b>10,088,191</b>
<b>Change in Net Assets from Operations</b>	<b>1,992,048</b>	<b>149,664</b>	<b>2,141,712</b>	<b>(278,976)</b>
<b>Non-Operating Activities</b>				
Loss on early termination of lease	(42,800)	-	(42,800)	-
Loss on foreign currency translation	-	-	-	(73,797)
<b>Total non-operating activities</b>	<b>(42,800)</b>	<b>-</b>	<b>(42,800)</b>	<b>(73,797)</b>
<b>Change in Net Assets</b>	<b>1,949,248</b>	<b>149,664</b>	<b>2,098,912</b>	<b>(352,773)</b>
<b>Net Assets, beginning of year</b>	<b>8,505,468</b>	<b>2,318,653</b>	<b>10,824,121</b>	<b>11,176,894</b>
<b>Net Assets, end of year</b>	<b>\$ 10,454,716</b>	<b>\$ 2,468,317</b>	<b>\$ 12,923,033</b>	<b>\$ 10,824,121</b>

See accompanying notes.

**Vietnam Veterans Memorial Fund, Inc.**

Statement of Functional Expenses  
For the Year Ended September 30, 2021  
(With Comparative Totals for the Year Ended September 30, 2020)

	Program Services							Supporting Services			2021 Total Expenses	2020 Total Expenses	
	Memorial Legacy	Ceremonies and Events	In Memory	The Wall That Heals	Outreach	Education Programs	Memorial Maintenance	Total Program Services	Fundraising	General and Administrative			Total Supporting Services
Direct mail and digital media	\$ 1,771,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,771,231	\$ 764,596	\$ -	\$ 764,596	\$ 2,535,827	\$ 2,726,430
Salaries and benefits	276,826	79,231	133,443	320,258	100,439	256,840	24,431	1,191,468	291,483	130,582	422,065	1,613,533	1,628,703
Public relations – donated services	3,721,504	-	-	-	-	-	-	3,721,504	-	-	-	3,721,504	3,596,539
Consulting	-	16,000	32,000	21,400	-	-	41,460	110,860	-	21,374	21,374	132,234	205,911
Facility and equipment rental	33,522	12,296	13,608	47,890	19,403	26,940	2,451	156,110	27,106	12,189	39,295	195,405	196,177
Professional fees	9,918	623	1,282	4,030	1,543	6,486	134	24,016	2,111	99,589	101,700	125,716	139,137
Travel and lodging	1,569	1,885	-	79,432	-	54	109	83,049	5,098	5,000	10,098	93,147	57,932
Depreciation and amortization	613,124	962	1,664	106,523	2,384	3,299	206	728,162	3,236	1,460	4,696	732,858	769,464
Special events	268	6,027	109	383	155	215	13	7,170	216	97	313	7,483	6,935
Other	3,267	-	-	5,428	-	-	-	8,695	-	314	314	9,009	671
TWTH – Transportation of the Wall	-	-	-	20,250	-	-	-	20,250	-	-	-	20,250	5,250
Caging	-	-	-	-	-	-	-	-	176,447	-	176,447	176,447	172,502
Website	80,621	6	11	38	15	21	1	80,713	21	10	31	80,744	127,819
Printing and postage	17,289	2,808	20,694	11,734	344	467	2,227	55,563	12,364	1,834	14,198	69,761	67,169
Bank charges	158	-	-	-	-	-	-	158	31,960	10,620	42,580	42,738	43,829
Insurance	3,569	898	1,579	5,405	2,236	3,079	1,306	18,072	2,917	21,298	24,215	42,287	36,306
Dues and subscriptions	1,381	1	2	162	3	162	-	1,711	9,988	2	9,990	11,701	714
Photos and video	23,454	4,825	-	-	-	-	-	28,279	-	350	350	28,629	35,668
Supplies	105,865	10,679	1,732	19,613	462	2,405	1,683	142,439	2,817	2,207	5,024	147,463	151,882
Telephone	3,195	722	1,253	4,416	1,774	2,475	155	13,990	2,569	1,152	3,721	17,711	21,354
Meals and entertainment	634	-	-	14,448	-	-	77	15,159	872	2,732	3,604	18,763	11,935
Service provider fees	-	-	-	-	-	-	-	-	-	7,095	7,095	7,095	11,732
Repairs and maintenance	-	-	-	9,472	-	-	41,179	50,651	-	-	-	50,651	58,921
Taxes, licenses, and filings	43	15	26	1,490	40	53	3	1,670	1,287	11,232	12,519	14,189	15,211
<b>Total Expenses</b>	<b>\$ 6,667,438</b>	<b>\$ 136,978</b>	<b>\$ 207,403</b>	<b>\$ 672,372</b>	<b>\$ 128,798</b>	<b>\$ 302,496</b>	<b>\$ 115,435</b>	<b>\$ 8,230,920</b>	<b>\$ 1,335,088</b>	<b>\$ 329,137</b>	<b>\$ 1,664,225</b>	<b>\$ 9,895,145</b>	<b>\$ 10,088,191</b>

See accompanying notes.

## Vietnam Veterans Memorial Fund, Inc.

### Statements of Cash Flows For the Years Ended September 30, 2021 and 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,098,912	\$ (352,773)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gain) loss on investments	(1,276,667)	554,971
Depreciation and amortization	732,858	769,464
Funds used – Paycheck Protection Program	-	(212,162)
Funds returned – Paycheck Protection Program	-	(38,605)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	15,100	(10,100)
Prepaid expenses and deposits	(296,999)	(3,981)
Increase (decrease) in:		
Accounts payable and accrued expenses	29,547	(69,099)
Grants to be repaid per donor contracts	-	(3,300,000)
Deferred revenue	(79,000)	89,000
Deferred rent	(144,638)	(13,726)
	1,079,113	(2,587,011)
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(91,385)	(45,308)
Purchases of investments	(3,709,633)	(171,158)
Proceeds from sale of investments	2,153,450	3,406,020
	(1,647,568)	3,189,554
<b>Net cash (used in) provided by investing activities</b>		
<b>Cash Flows from Financing Activity</b>		
Proceeds from Paycheck Protection Program	-	250,767
	-	250,767
<b>Net cash provided by financing activity</b>		
	(568,455)	853,310
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents, beginning of year</b>	1,529,366	676,056
<b>Cash and Cash Equivalents, end of year</b>	\$ 960,911	\$ 1,529,366

*See accompanying notes.*

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 1. Nature of Operations

Vietnam Veterans Memorial Fund, Inc. (“the Fund”) is a nonprofit organization authorized by Congress in 1979 to build a memorial dedicated to honoring those who served with the U.S. Armed Forces in the Vietnam War. The Fund conveyed the memorial to the United States Department of the Interior in 1984.

Today the Fund continues to work with the National Park Service to preserve the sanctity of the Vietnam Veterans Memorial (“the Wall”) by maintaining the site, making name additions and status changes, and hosting annual Memorial and Veterans Day observances. The Fund has developed a series of outreach programs dedicated to education about the Vietnam War and promoting the Wall’s legacy. This includes a secondary school curriculum, a nationwide teacher’s network, and a traveling 3/4-scale replica and mobile education center.

#### Memorandum of Conveyance

On November 13, 1984, the Fund and the U.S. Department of the Interior entered into a Memorandum of Conveyance, which governs the conditions under which the Fund conveyed all rights, title, and interest in the Vietnam Veterans Memorial to the U.S. Department of the Interior. Under the Memorandum of Conveyance, the Fund has the rights and responsibilities of:

- Participating with the National Park Service in ceremonies at the memorial on Memorial Day and Veterans Day.
- From time to time, adding names of those determined by the Department of Defense.
- Maintaining residual funds to assist with repairs in the event of catastrophic damage to the memorial, requiring more than ordinary maintenance to restore the memorial to its original completed condition.

The obligation to provide ordinary maintenance and care for the memorial was previously given to the Secretary of the Interior under Section 4 of the Joint Congressional Resolution, authorizing the Fund to establish a memorial.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 1. Nature of Operations (continued)

#### Program Services

##### *Memorial Legacy*

Memorial Legacy includes costs related to preserving the legacy of the Memorial and promoting healing through public outreach and awareness, as well as promoting visitation of the Memorial to the general public. The Fund interacts with the public both in person and online to provide information about the Memorial's legacy. In person, Fund staff provide tours, answer questions about The Wall and its history, and do name rubbings for those that can't visit. Online, the Fund's website provides historical and educational information about the Memorial and those whose names are inscribed on it. The Wall of Faces portion of the website provides a page for each service member whose name is inscribed on The Wall and allows families, friends, and veterans to post remembrances and photos, extending the healing power and emotional impact of The Wall to millions of people through the internet. The Fund also uses social media and other digital content and technologies – including a mobile app and a virtual tour – to share the story of the Memorial and its legacy with people all around the world.

##### *Ceremonies and Events*

Ceremonies are conducted each year to recognize, remember, and honor those who served and died, as well as to bring healing to their families, their friends, and the nation. Related costs are associated with planning, organizing, and conducting a number of ceremonies at the memorial and elsewhere to bring people together to remember and honor the men and women who served in the Vietnam War and those who died.

##### *The Wall That Heals*

Costs are also incurred to promote healing and provide education about the impact of the Vietnam War through the traveling Memorial called "The Wall That Heals." The Fund exhibits a 3/4-scale replica of the Vietnam Veterans Memorial in cities and locations throughout the United States, making it possible for individuals who are unable to travel to Washington, D.C. to recognize, remember, and honor those who served and died, and to experience a connection with lost comrades and loved ones. The traveling Memorial also includes a mobile education center to teach visitors of all ages about the Vietnam War and the era.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 1. Nature of Operations (continued)

#### Program Services (continued)

##### *Education Programs*

The Fund also seeks to educate students about the impact of the Vietnam War and preserve the legacy of the Vietnam Veterans Memorial through programs related to the education of students and teachers regarding the Vietnam War, the Vietnam Veterans Memorial, and the Memorial's legacy in culture and society. The Fund's education programs reach teachers and students from grades 7 to 12, as well as higher education. The Hometown Heroes program, developed to promote a greater understanding of the Vietnam War, the Vietnam era, and the personal sacrifice of the individuals whose names are inscribed on the Memorial, provides curriculum to schools and community organizations to encourage students.

##### *Memorial Maintenance*

The Fund works in cooperation with the National Park Service to provide for special maintenance needs of the Vietnam Veterans Memorial in Washington, D.C., including the adjacent Three Servicemen statue, flagpole, In Memory plaque, and the three-acre site where the Vietnam Veterans Memorial is located; to maintain the site's function as a place of reflection on the Vietnam War; a place of honor, recognition, and remembrance of those who served and those who died; a place of spiritual connection with lost comrades and loved ones; and a symbol of healing for our nation. The Memorial has been visited by more than 80 million people, making it the second most visited memorial on the National Mall.

#### Fundraising

The Fund also incurs costs associated with raising money to support the Fund's programs and activities.

#### General and Administrative

Costs related to maintaining corporate entity and corporate governance are recorded as General and Administrative.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting and Presentation

The Fund's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Included in net assets without donor restrictions are Board-designated net assets.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Fund reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

#### Cash Equivalents

For the purpose of the statements of cash flows, the Fund considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition are amounts held for investment.

#### Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses, net of investment management fees, are reported in net investment return in the accompanying statement of activities. Money market and short-term investment funds, held as a portion of the Fund's investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Contributions Receivable

Contributions receivable represent unconditional amounts committed to the Fund. Contributions receivable are reflected at either net realizable value, or at net present value based on projected cash flows. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for uncollectible receivables was established at September 30, 2020, as all amounts were deemed fully collectible. There were no contributions receivable at September 30, 2021.

#### Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to 10 years. Expenditures for repairs and maintenance are expensed as incurred.

#### Grants to be Repaid per Donor Contracts

The Fund was in the process of designing an Education Center, which would have been located on the National Mall adjacent to the Vietnam Veterans Memorial. Direct and indirect costs associated with the architectural and pre-construction services, curator services, and layout and exhibit design of the Education Center were capitalized. Effective September 21, 2018, the Board of Directors and management of the Fund terminated the efforts to construct a physical building on the National Mall and shifted their focus to continue efforts of building online resources, developing hand-held technology, educating staff, mobile exhibits, and partnerships.

In conjunction with terminating the construction of the physical building on the National Mall, the Fund cancelled pledges and, where required by specific legal grant agreements, repaid a handful of previously received grant funds to donors totaling \$0 and \$3,300,000 during the years ended September 30, 2021 and 2020, respectively. As a result, at both September 30, 2021 and 2020, remaining funds to be repaid to donors amounted to \$200,000. These amounts are included in the accompanying statement of financial position as grants to be repaid per donor contracts. Efforts are ongoing to return the final grant of \$200,000.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

The Fund recognizes contributions and grants when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Revenue from site fees is recognized either over time or at the point in time that contractual obligations are met. Site fees received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position, which totaled \$62,000 and \$141,000 at September 30, 2021 and 2020, respectively.

Royalty revenue is evaluated and recognized based on the underlying agreement, usually over the term of the agreement. The Fund recognizes base revenue from royalty agreements ratably over the term of the agreements, while additional annual royalty amounts paid under the agreements are recognized in the year earned.

Revenue from all other sources is recognized when earned.

#### Donated Goods and Services

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statement of activities as donated goods and services. The Fund receives donated goods and services from businesses and other organizations toward the fulfillment of program objectives and general operations. Those goods and services, which are objectively measurable, are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Advertising Costs

Advertising costs are expensed as incurred. There were no advertising costs during the years ended September 30, 2021 and 2020, respectively.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Foreign Currency Translation

The Fund accounts for all of its transactions using the U.S. dollar, including support originally enumerated in foreign currency. The Fund has no overseas assets or operations, but has received support in Korean won and Australian dollars. Support is remeasured into U.S. dollars based on the prevailing exchange rate at the time of the transaction. Contributions receivable that are outstanding at the end of the period are remeasured into U.S. dollars based on exchange rates prevailing at the end of the period.

For the year ended September 30, 2021, the Fund did not have any foreign currency transactions. For the year ended September 30, 2020, the Fund returned a grant in the sum of \$3.3 million to the Australian government as a result of the cancellation of the construction of the physical Education Center, which resulted in a one-time loss on foreign currency translation of \$73,797, which is included in the accompanying statement of activities for the year ended September 30, 2020.

#### Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Fund's 2020 financial statements, from which the summarized information was derived.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Measure of Operations

The Fund includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes loss on early termination of the lease and loss on foreign currency transactions.

#### Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Fund's fiscal year 2023.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance is intended to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements in presentation and disclosure requirements. Nonprofit entities will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. Nonprofit entities will also be required to disclose various information related to the contributed nonfinancial assets. The amendments in the ASU 2020-07 should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption of the ASU is permitted. The Fund has adopted this ASU on these financial statements.

#### Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through March 14, 2022, the date the financial statements were available to be issued.

### 3. Liquidity and Availability

The Fund has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. As part of this liquidity management, the Fund invests cash in excess of daily requirements in various investments including money market funds and mutual funds.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 3. Liquidity and Availability (continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at September 30:

	2021	2020
Cash and cash equivalents	\$ 960,911	\$ 1,529,366
Investments	9,626,061	6,793,211
Contributions receivable	-	15,100
	<hr/>	<hr/>
Total financial assets	10,586,972	8,337,677
Less: Board-designated endowment fund	(5,000,000)	-
Less: net assets with donor restrictions	(2,468,317)	(2,318,653)
	<hr/>	<hr/>
Total available for general expenditures	<u>\$ 3,118,655</u>	<u>\$ 6,019,024</u>

The Board-designated endowment fund of \$5,000,000 at September 30, 2021, is subject to an annual spending rate. Although the Fund does not intend to spend from this fund, other than amounts appropriate for general expenditures as part of the Fund's annual budget approval and appropriation, these amounts could be made available through Board approval if necessary.

### 4. Concentration of Credit Risk

Financial instruments that potentially subject the Fund to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Fund maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Fund has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
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### 5. Investments and Fair Value Measurements

The Fund follows FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Fund recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Fund uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Fund's fair value hierarchy for those assets measured on a recurring basis at September 30:

	Level 1	Level 2	Level 3	Total
<u>2021:</u>				
Money market funds	\$ 1,262,609	\$ -	\$ -	\$ 1,262,609
Mutual funds – fixed income	3,914,145	-	-	3,914,145
Mutual funds – equities	4,449,307	-	-	4,449,307
Total investments	<u>\$ 9,626,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,626,061</u>
<u>2020:</u>				
Money market funds	\$ 711,440	\$ -	\$ -	\$ 711,440
Mutual funds – fixed income	3,190,666	-	-	3,190,666
Mutual funds – equities	2,891,105	-	-	2,891,105
Total investments	<u>\$ 6,793,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,793,211</u>

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 5. Investments and Fair Value Measurements (continued)

Net investment return consists of the following for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 174,455	\$ 179,120
Realized and unrealized gain (loss)	1,276,667	(554,971)
Less: investment management fees	<u>(55,517)</u>	<u>(47,630)</u>
Total investment return, net	<u>\$ 1,395,605</u>	<u>\$ (423,481)</u>

### 6. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2021</u>	<u>2020</u>
Education Center design and content	\$ 6,174,997	\$ 6,174,997
Traveling wall	436,570	629,243
Website and application	370,704	287,108
Furniture and equipment	88,859	86,475
Trailer exhibit	<u>217,253</u>	<u>25,557</u>
Total property and equipment	7,288,383	7,203,380
Less: accumulated depreciation and amortization	<u>(4,836,030)</u>	<u>(4,109,554)</u>
Property and equipment, net	<u>\$ 2,452,353</u>	<u>\$ 3,093,826</u>

### 7. Paycheck Protection Program

In fiscal year 2020, the Fund applied for (and received) a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which the Fund qualified. After the loans are granted, the Small Business Administration (SBA) can forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 7. Paycheck Protection Program (continued)

The loan was granted to the Fund on May 4, 2020 in the amount of \$250,767. Management of the Fund decided to only spend proceeds of the loan on eligible payroll costs, which totaled \$212,162, and opted to not use the funds toward office rent and related expenses. As a result, management designated \$38,605 of unused funds to be returned to the SBA.

During fiscal year 2021, on November 10, 2020, the Fund received forgiveness from the SBA per the PPP guidelines. As a result, the Fund concluded that the PPP loan represented, in substance, a grant that was forgiven, and accounted for the PPP loan in accordance with FASB ASC 958-605 *Not-for-Profit Entities* as a conditional grant. This conditional grant is not recognized until the conditions are substantially met or explicitly waived, which was met as of the end of the fiscal year 2020. The remaining \$38,605 that the Fund designated to be returned to the SBA was returned in full in November 2020. The funds will be invested in a prudent manner in accordance with approved investment policies.

### 8. Board-Designated Endowment Fund

The Board of Directors of the Fund established the Legacy Endowment for the long-term sustainment of the Fund's charitable mission, vision, and programs. The Legacy Endowment includes a true endowment to hold contributions with donor restrictions for the purpose of building the endowment, and a Board-designated quasi-endowment to hold funds without donor restrictions.

Board-designated endowments are the amounts designated to the Fund without donor restrictions that subsequently are allocated to the endowment at the direction of the Board of Directors. In September 2021, the Board designated \$5,000,000 to the Legacy Endowment. Through December 31, 2026, or until the Legacy Endowment reaches \$25,000,000, the Fund will allocate 100% of all deferred gifts such as bequests, charitable trust distributions, IRA beneficiary designations, and similar gifts triggered by the death of the donor to the Board-designated endowment.

Board-designated endowment is held in an investment account separate from funds that come in with donor designation to the endowment fund. Any earnings or increases in value for the Board-designated endowment will stay within the Board-designated investment account. All funds within that separate investment account are subject to Board designation, which may be changed should the need ever arise.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 8. Board-Designated Endowment Fund (continued)

Additionally, the Board of Directors authorized up to 1% of the fair market value of the Legacy Endowment for administrative expenses.

### 9. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Memorial maintenance and additional names	\$ 2,464,567	\$ 2,318,653
TWTH transportation	<u>3,750</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 2,468,317</u>	<u>\$ 2,318,653</u>

### 10. Donated Goods and Services

The Fund uses donated goods and other donated services to educate the general public about the legacy of the Vietnam Veterans Memorial as well as the Online Visitor Center and Museum project.

The Fund received the following donated goods and services during the years ended September 30:

	<u>2021</u>	<u>2020</u>
Memorial legacy	\$ 3,818,730	\$ 3,701,651
Transportation of TWTH	<u>20,250</u>	<u>5,250</u>
Total donated goods and services	<u>\$ 3,838,980</u>	<u>\$ 3,706,901</u>

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2021 and 2020

### 11. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The majority of expenses are recorded directly to specific programs and functions, using the direct allocation method. Expenses that are allocated include salaries and benefits, consulting, professional fees, travel and lodging, depreciation and amortization, insurance, supplies, and other expenses, which are allocated on the basis of estimates of time and effort.

### 12. Commitments and Contingencies

#### Direct Mail Contract

The Fund engages an outside third party to distribute educational materials to the public that describe the purpose of the Fund and how the general public can participate in honoring Vietnam veterans. The educational mailings also provide space for a fundraising appeal. This agreement renews annually and can be terminated upon 60 days' written notice by either party. The contract calls for a fixed monthly fee of approximately \$30,000, plus the cost of materials and postage.

#### Operating Leases

In June 2015, the Fund entered into an agreement to lease office space in Arlington, Virginia, which went into effect on October 1, 2015 and is set to expire on October 31, 2026. The lease calls for annual rental increases of 2.50% and states that the Fund will pay its pro rata share of the building's operating expenses and real estate taxes. The Fund has a one-time right to terminate the lease as of September 30, 2022, with written notice to the landlord 12 months prior to the termination date, and subject to a penalty payment. The terms of the lease include incentive in the form of 15-month rental abatement. The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is reflected as deferred rent in the accompanying statement of financial position. Rent expense under this operating lease was \$182,599 and \$178,533 for the years ended September 30, 2021 and 2020, respectively.

In July 2021, the Fund used its right to terminate the lease effective September 30, 2022. As a result of early termination of the lease, the Fund paid \$168,762 to the landlord for the unamortized portion of the rent abatement as of the termination date with 8% interest in addition to four months of base monthly rate at the escalated rate. This early termination resulted in a loss of \$42,800, which is reflected as a loss on early termination of lease in the accompanying statement of activities.

## **Vietnam Veterans Memorial Fund, Inc.**

Notes to Financial Statements  
September 30, 2021 and 2020

### **12. Commitments and Contingencies (continued)**

#### Operating Leases (continued)

The Fund also leases office equipment under the terms of an operating lease, which is set to expire in July 2022.

Future minimum payments under these leases total \$199,385 for the year ending September 30, 2022.

### **13. Retirement Plan**

The Fund maintains a 401(k) profit sharing plan (“the 401(k) Plan”) covering all employees. Employees may participate in the 401(k) Plan after completing one month of service; however, employees are not eligible for employer contributions until completion of one full year and 500 hours of service. The 401(k) Plan provides for safe harbor contributions of 3% of compensation, regardless of employee contribution to the 401(k) Plan, and a matching contribution equal to 100% of each participant’s elective deferrals up to a maximum of 2% of compensations. Additionally, the employer may make a discretionary profit-sharing contribution not to exceed 25% of all eligible employees’ compensation. Plan participants vest, for purposes of employer contributions, after two years of service. Total employer contributions to the 401(k) Plan for the years ended September 30, 2021 and 2020 were \$36,049 and \$31,937, respectively. The Fund did not have any discretionary profit sharing contributions to the 401(k) Plan during the years ended September 30, 2021 and 2020.

### **14. Allocation of Joint Costs**

The Fund conducts activities that include a request for contributions, as well as a program component, such as information promoting the legacy of the Wall, recognizing and honoring those who served and died, gathering photos and stories to preserve their legacy, and bringing healing to their loved ones, or educating the public about the need to build the Education Center.

During the years ended September 30, 2021 and 2020, these activities included a direct mail and a digital media campaign. For the years ended September 30, 2021 and 2020, the costs of conducting those campaigns include a total of \$2,535,827 and \$2,726,430, respectively, of joint costs that are not directly attributable to either the program or fundraising component of the activities. Those costs are included in the statement of functional expenses in direct mail and digital media expenses.

**Vietnam Veterans Memorial Fund, Inc.**

Notes to Financial Statements  
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**14. Allocation of Joint Costs (continued)**

Allocation of joint costs were as follows for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Memorial legacy	\$ 1,771,231	\$ 1,725,669
Fundraising	<u>764,596</u>	<u>1,000,761</u>
Total joint costs	<u><u>\$ 2,535,827</u></u>	<u><u>\$ 2,726,430</u></u>

**15. Income Taxes**

The Fund is generally exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Fund qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. The Fund had no unrelated business income for the years ended September 30, 2021 and 2020. Management has evaluated the Fund's tax positions and has concluded that the Fund has taken no uncertain tax positions that require adjustment to or disclosure in the accompanying financial statements.