

**Vietnam Veterans Memorial Fund, Inc.**

Financial Statements  
and Independent Auditor's Report

September 30, 2022 and 2021

**Vietnam Veterans Memorial Fund, Inc.**

Financial Statements  
September 30, 2022 and 2021

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## **INDEPENDENT AUDITOR’S REPORT**

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

### ***Opinion***

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, 2022; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

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, 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Fund early adopted Accounting Standards Update (ASU) 2016-02, Accounting Standards Codification (ASC) 842, *Leases*, and all subsequent ASUs that modified ASC 842. The Fund has applied the modified retrospective method to adopt this standard during the year ended September 30, 2022, and adjusted the presentation in the financial statements as permitted by ASC 842. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the Fund's September 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended September 30, 2021, 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.

Vienna, Virginia  
March 13, 2023

**Vietnam Veterans Memorial Fund, Inc.**

Statement of Financial Position  
September 30, 2022  
(With Comparative Totals for September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Assets</b>				
Cash and cash equivalents	\$ 875,104	\$ -	\$ 875,104	\$ 960,911
Investments	7,715,164	1,786,089	9,501,253	9,626,061
Contributions receivable	5,205	-	5,205	-
Prepaid expenses and deposits	600,020	-	600,020	474,775
Property and equipment, net	1,680,754	-	1,680,754	2,452,353
Right of use assets – operating lease	119,680	-	119,680	-
<b>Total assets</b>	<b>\$ 10,995,927</b>	<b>\$ 1,786,089</b>	<b>\$ 12,782,016</b>	<b>\$ 13,514,100</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 534,345	\$ -	\$ 534,345	\$ 284,829
Grants to be repaid per donor contracts	200,000	-	200,000	200,000
Deferred revenue	81,610	-	81,610	62,000
Deferred rent	-	-	-	44,238
Lease liability – operating lease	120,146	-	120,146	-
<b>Total liabilities</b>	<b>936,101</b>	<b>-</b>	<b>936,101</b>	<b>591,067</b>
<b>Net Assets</b>				
Without donor restrictions:				
Undesignated	4,563,832	-	4,563,832	5,454,716
Board-designated quasi-endowment	5,495,994	-	5,495,994	5,000,000
<b>Total without donor restrictions</b>	<b>10,059,826</b>	<b>-</b>	<b>10,059,826</b>	<b>10,454,716</b>
With donor restrictions:				
Purpose restrictions	-	1,672,873	1,672,873	2,468,317
Perpetual in nature	-	113,216	113,216	-
<b>Total with donor restrictions</b>	<b>-</b>	<b>1,786,089</b>	<b>1,786,089</b>	<b>2,468,317</b>
<b>Total net assets</b>	<b>10,059,826</b>	<b>1,786,089</b>	<b>11,845,915</b>	<b>12,923,033</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,995,927</b>	<b>\$ 1,786,089</b>	<b>\$ 12,782,016</b>	<b>\$ 13,514,100</b>

See accompanying notes.

**Vietnam Veterans Memorial Fund, Inc.**

Statement of Activities  
For the Year Ended September 30, 2022  
(With Comparative Totals for the Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Operating Revenue and Support</b>				
Contributions	\$ 7,256,502	\$ 113,246	\$ 7,369,748	\$ 6,355,535
Donated goods and services	2,929,417	-	2,929,417	3,838,980
Site fees	270,000	-	270,000	220,000
Royalty income	186,356	-	186,356	198,410
Investment return, net	(1,281,808)	(380,059)	(1,661,867)	1,395,605
Other income	37,409	-	37,409	28,327
Released from restrictions	415,415	(415,415)	-	-
<b>Total operating revenue and support</b>	<b>9,813,291</b>	<b>(682,228)</b>	<b>9,131,063</b>	<b>12,036,857</b>
<b>Expenses</b>				
Program services:				
Memorial legacy	5,902,301	-	5,902,301	6,667,438
Ceremonies and events	623,363	-	623,363	136,978
In Memory	208,803	-	208,803	207,403
The Wall That Heals	785,797	-	785,797	672,372
Outreach	131,603	-	131,603	128,798
Education programs	273,774	-	273,774	302,496
Memorial maintenance	414,491	-	414,491	115,435
<b>Total program services</b>	<b>8,340,132</b>	<b>-</b>	<b>8,340,132</b>	<b>8,230,920</b>
Supporting services:				
General and administrative	333,879	-	333,879	329,137
Fundraising	1,534,170	-	1,534,170	1,335,088
<b>Total supporting services</b>	<b>1,868,049</b>	<b>-</b>	<b>1,868,049</b>	<b>1,664,225</b>
<b>Total expenses</b>	<b>10,208,181</b>	<b>-</b>	<b>10,208,181</b>	<b>9,895,145</b>
<b>Change in Net Assets from Operations</b>	<b>(394,890)</b>	<b>(682,228)</b>	<b>(1,077,118)</b>	<b>2,141,712</b>
<b>Non-Operating Activity</b>				
Loss on early termination of lease	-	-	-	(42,800)
<b>Total non-operating activity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42,800)</b>
<b>Change in Net Assets</b>	<b>(394,890)</b>	<b>(682,228)</b>	<b>(1,077,118)</b>	<b>2,098,912</b>
<b>Net Assets, beginning of year</b>	<b>10,454,716</b>	<b>2,468,317</b>	<b>12,923,033</b>	<b>10,824,121</b>
<b>Net Assets, end of year</b>	<b>\$ 10,059,826</b>	<b>\$ 1,786,089</b>	<b>\$ 11,845,915</b>	<b>\$ 12,923,033</b>

See accompanying notes.

Vietnam Veterans Memorial Fund, Inc.

Statement of Functional Expenses  
For the Year Ended September 30, 2022  
(With Comparative Totals for the Year Ended September 30, 2021)

	Program Services								Supporting Services			2022 Total Expenses	2021 Total Expenses
	Memorial Legacy	Ceremonies and Events	In Memory	The Wall That Heals	Outreach	Education Programs	Memorial Maintenance	Total Program Services	General and Administrative	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 284,232	\$ 148,085	\$ 155,832	\$ 361,381	\$ 105,012	\$ 231,636	\$ 33,417	\$ 1,319,595	\$ 138,398	\$ 315,746	\$ 454,144	\$ 1,773,739	\$ 1,613,533
Bank charges	257	-	-	-	-	-	-	257	6,885	39,531	46,416	46,673	42,738
Caging	7,213	-	-	-	-	-	-	7,213	-	161,045	161,045	168,258	176,447
Consulting	-	83,906	-	35,000	-	-	29,138	148,044	18,122	-	18,122	166,166	132,234
Depreciation and amortization	611,204	35,478	1,122	92,049	1,610	1,870	141	743,474	1,129	24,307	25,436	768,910	732,858
Direct mail and digital media	1,951,913	-	-	-	-	-	-	1,951,913	-	921,935	921,935	2,873,848	2,535,827
Dues and subscriptions	3,192	1,301	1,324	4,584	1,427	2,266	193	14,287	3,208	17,323	20,531	34,818	11,701
Facility and equipment rental	25,648	58,995	13,939	46,130	16,610	24,520	1,958	187,800	16,709	24,089	40,798	228,598	195,405
Insurance	4,026	2,308	2,188	9,252	2,484	3,848	316	24,422	13,595	3,942	17,537	41,959	42,287
Loss on property disposal	-	-	-	-	-	-	-	-	17,498	-	17,498	17,498	-
Meals and entertainment	3,794	72,884	300	19,457	59	358	5	96,857	2,455	1,237	3,692	100,549	18,763
Miscellaneous	150	-	-	32	-	97	-	279	760	60	820	1,099	9,009
Photos and video	7,829	49,410	3,428	1,000	-	-	-	61,667	-	-	-	61,667	28,629
Printing and postage	3,568	31,683	25,109	23,897	720	1,465	3,330	89,772	1,274	4,005	5,279	95,051	69,761
Professional fees	14,479	1,094	1,179	3,606	1,278	2,010	143	23,789	80,546	1,738	82,284	106,073	125,716
Public relations – donated services	2,812,888	-	-	-	-	-	-	2,812,888	-	-	-	2,812,888	3,721,504
Repairs and maintenance	-	3,880	-	2,635	-	-	344,183	350,698	-	-	-	350,698	50,651
Service provider fees	-	-	-	-	-	-	-	-	10,255	-	10,255	10,255	7,095
Special events	205	22,364	111	360	144	193	15	23,392	113	185	298	23,690	7,483
Supplies	86,366	12,895	1,998	9,346	595	1,825	1,340	114,365	2,026	2,428	4,454	118,819	147,463
Taxes, licenses, and filings	3	301	2	7	1	3	-	317	14,280	574	14,854	15,171	14,189
Telephone	2,463	1,395	1,339	4,286	1,649	2,292	182	13,606	1,360	2,207	3,567	17,173	17,711
Travel and lodging	6,925	71,057	920	125,437	-	1,371	128	205,838	5,254	13,798	19,052	224,890	93,147
TWTH – Transportation of the Wall	-	-	-	47,300	-	-	-	47,300	-	-	-	47,300	20,250
Website	75,946	26,327	12	38	14	20	2	102,359	12	20	32	102,391	80,744
<b>Total Expenses</b>	<b>\$ 5,902,301</b>	<b>\$ 623,363</b>	<b>\$ 208,803</b>	<b>\$ 785,797</b>	<b>\$ 131,603</b>	<b>\$ 273,774</b>	<b>\$ 414,491</b>	<b>\$ 8,340,132</b>	<b>\$ 333,879</b>	<b>\$ 1,534,170</b>	<b>\$ 1,868,049</b>	<b>\$ 10,208,181</b>	<b>\$ 9,895,145</b>

See accompanying notes.

## Vietnam Veterans Memorial Fund, Inc.

### Statements of Cash Flows For the Years Ended September 30, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (1,077,118)	\$ 2,098,912
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss (gain) on investments	1,827,066	(1,276,667)
Depreciation and amortization	768,910	732,858
Donated securities	(499,795)	-
Loss on disposal of property and equipment	17,498	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(5,205)	15,100
Prepaid expenses and deposits	(125,245)	(296,999)
Right of use assets – operating lease	(119,680)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	249,516	29,547
Deferred revenue	19,610	(79,000)
Deferred rent	(44,238)	(144,638)
Lease liability – operating lease	120,146	-
Net cash provided by operating activities	1,131,465	1,079,113
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(14,809)	(91,385)
Purchases of investments	(4,826,482)	(3,709,633)
Proceeds from sale of investments	3,624,019	2,153,450
Net cash used in investing activities	(1,217,272)	(1,647,568)
<b>Net Decrease in Cash and Cash Equivalents</b>	(85,807)	(568,455)
<b>Cash and Cash Equivalents, beginning of year</b>	960,911	1,529,366
<b>Cash and Cash Equivalents, end of year</b>	\$ 875,104	\$ 960,911

*See accompanying notes.*

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 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, 2022 and 2021

### 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, 2022 and 2021

### 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.

#### General and Administrative

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

#### Fundraising

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

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 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 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from 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 90 days or less at the time of purchase. Excluded from this definition are amounts held for investments.

#### 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, 2022 and 2021

### 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, 2022, as all amounts were deemed fully collectible.

#### 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.

#### Operating Leases

The Fund determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets, which represent the Fund’s right to use an underlying asset for the lease term, and lease obligations represent the Fund’s obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As the Fund’s leases do not provide an implicit rate, the Fund uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made, and exclude lease incentives. The Fund’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Fund will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

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

#### 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. As a result, at both September 30, 2022 and 2021, 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.

#### Revenue Recognition

##### *Revenue Accounted for in Accordance with Contribution Accounting*

The Fund recognizes contributions as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest 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 met.

##### *Revenue Accounted for as Contracts with Customers*

Revenue is recognized when the Fund satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Fund expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Fund combines it with other performance obligations until a distinct bundle of goods or services exists.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

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

#### Revenue Recognition (continued)

##### *Revenue Accounted for as Contracts with Customers (continued)*

Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Fund recognizes revenue as follows:

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 included in deferred revenue in the statement of financial position, which totaled \$42,500 and \$62,000 at September 30, 2022 and 2021, respectively.

Revenue from events is recognized at the time the event takes place, which is when the sole performance obligation is satisfied. Amounts received in advance of the event are included in deferred revenue in the statement of financial position, which totaled \$39,110 and \$0 at September 30, 2022 and 2021, 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.

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

Notes to Financial Statements  
September 30, 2022 and 2021

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

#### 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.

#### Advertising Costs

Advertising costs are expensed as incurred. There were no advertising costs during the years ended September 30, 2022 and 2021, 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.

#### 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 2021 financial statements, from which the summarized information was derived.

#### 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.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

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

#### Recently Issued Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Fund's fiscal year ending September 30, 2023 and is not expected to have a significant impact on the Fund's financial statements.

#### Adopted Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Accounting Standards Codification (ASC) 842, *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 for the Fund's fiscal year ending September 30, 2023; however, the Fund early adopted ASC 842 during the year ended September 30, 2022, and adjusted the presentation in the financial statements as permitted by ASC 842. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

#### Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through March 13, 2023, the date the financial statements were available to be issued.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 3. Liquidity and Availability

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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 875,104	\$ 960,911
Investments	9,501,253	9,626,061
Contributions receivable	<u>5,205</u>	<u>-</u>
Total financial assets	10,381,562	10,586,972
Less: Board-designated endowment fund	(5,495,994)	(5,000,000)
Less: restricted by donors for purpose	(1,672,873)	(2,468,317)
Less: restricted by donors in perpetuity	<u>(113,216)</u>	<u>-</u>
Total available for general expenditures	<u>\$ 3,099,479</u>	<u>\$ 3,118,655</u>

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.

The Board-designated endowment fund is not 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  
September 30, 2022 and 2021

### 5. Investments and Fair Value Measurements

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 235,692	\$ 174,455
Realized and unrealized (loss) gain	(1,827,066)	1,276,667
Less: investment management fees	<u>(70,493)</u>	<u>(55,517)</u>
Total investment return, net	<u>\$ (1,661,867)</u>	<u>\$ 1,395,605</u>

The Fund follows FASB 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.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

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

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>2022:</u>				
Money market funds	\$ 431,617	\$ -	\$ -	\$ 431,617
Mutual funds – fixed income	2,641,022	-	-	2,641,022
Mutual funds – equities	6,428,614	-	-	6,428,614
Total investments	\$ 9,501,253	\$ -	\$ -	\$ 9,501,253
<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	\$ 9,626,061	\$ -	\$ -	\$ 9,626,061

### 6. Property and Equipment

Property and equipment consists of the following at September 30:

	2022	2021
Education Center design and content	\$ 6,174,997	\$ 6,174,997
Traveling wall	397,769	436,570
Website and application	316,104	370,704
Trailer exhibit	212,970	217,253
Furniture and equipment	19,595	88,859
Total property and equipment	7,121,435	7,288,383
Less: accumulated depreciation and amortization	(5,440,681)	(4,836,030)
Property and equipment, net	\$ 1,680,754	\$ 2,452,353

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 7. Operating Leases

#### Office Lease – 1235 South Clark Street, Suite 910, Arlington, Virginia

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 was set to expire on October 31, 2026. The lease called for annual rental increases of 2.50% and stated 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 a 15-month rental abatement.

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 for the year ended September 30, 2021.

#### Office Lease – 3033 Wilson Boulevard, Suite 300, Arlington, Virginia

In March 2022, the Fund entered into an agreement to lease office space in Arlington, Virginia, which went into effect on July 1, 2022 and is set to expire on June 30, 2025. The terms of the lease call for base monthly payments of \$3,370 and annual rental increases of 2.50%, which does not include pro rata share of the building operating expenses.

Supplemental qualitative information related to the office leases are as follows:

Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$	1,000
Right-of-use assets obtained in exchange for lease obligations	\$	119,680
Weighted-average remaining lease term (in years)		3.0
Weighted-average discount rate		7.50%

**Vietnam Veterans Memorial Fund, Inc.**

Notes to Financial Statements  
September 30, 2022 and 2021

**7. Operating Leases (continued)**

Maturities of the lease liabilities under this lease are as follows for the years ending September 30:

2023	\$	47,475
2024		48,659
2025		<u>37,360</u>
Total minimum lease payments		133,494
Less: discount to present value at 7.50%		<u>(13,348)</u>
Present value of operating lease liabilities		<u><u>\$ 120,146</u></u>

Rent expense for the years ended September 30, 2022 and 2021 totaled \$173,423 and \$182,599, respectively.

**8. Net Assets With Donor Restrictions**

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

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Memorial maintenance and additional names	\$ 1,669,871	\$ 2,464,567
TWITH transportation	3,000	3,750
Unappropriated endowment earnings	<u>2</u>	<u>-</u>
Total purpose restricted	1,672,873	2,468,317
Perpetual in nature:		
Legacy Endowment Fund	<u>113,216</u>	<u>-</u>
Total net assets with donor restrictions	<u><u>\$ 1,786,089</u></u>	<u><u>\$ 2,468,317</u></u>

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 9. Endowments

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 (endowment corpus) 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. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Board-Designated Quasi-Endowment*

Board-designated quasi-endowment funds 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.

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

#### Interpretation of Relevant Law

The Board of Directors of the Fund has interpreted the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund retains in perpetuity (a) the original value of initial gift amounts donated to the endowment, (b) the original value of subsequent gift amounts donated to the endowment, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 9. Endowments (continued)

#### Interpretation of Relevant Law (continued)

In accordance with the UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the Fund and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation or depreciation of investments; (6) other resources of the Fund; and (7) the investment policies of the Fund.

#### Return Objectives, Risk Parameters, and Strategies

The Fund's investment policy permits a strategy of preserving and enhancing the endowment's inflation adjusted purchasing power, while providing a relatively predictable, stable, and constant stream of income for current uses consistent with this objective. Under such a policy, the endowment assets are invested in a manner that is intended to achieve an annualized total return (net of fees and expenses) of at least 5% over the rate of inflation as measured by the Consumer Price Index.

#### Spending Policy

The Fund has a policy of appropriating for a maximum distribution each year up to 5% of its endowment funds' average fair value using the prior three years through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing these policies, the Fund considered the expected return on its endowment. The Fund expects the current spending policy to allow the endowment to grow at a rate exceeding expected inflation, consistent with the Fund's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. The spending policy is reviewed on a regular basis and may be modified as required.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 9. Endowments (continued)

#### Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature would be reported by the Fund in net assets with donor restrictions. There were no fund deficiencies for the years ended September 30, 2022 and 2021.

#### Composition of Endowment Net Assets

Endowment net assets composition was as follows at September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Legacy Endowment Fund:			
Endowment corpus	\$ -	\$ 113,216	\$ 113,216
Board-designated quasi-endowment	5,495,994	-	5,495,994
Total endowment net assets	\$ 5,495,994	\$ 113,216	\$ 5,609,210

Endowment net assets composition was as follows at September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Legacy Endowment Fund:			
Board-designated quasi-endowment	\$ 5,000,000	\$ -	\$ 5,000,000
Total endowment net assets	\$ 5,000,000	\$ -	\$ 5,000,000

**Vietnam Veterans Memorial Fund, Inc.**

Notes to Financial Statements  
September 30, 2022 and 2021

**9. Endowments (continued)**

Changes in Endowment Net Assets

Changes in endowment net assets were as follows for the year ended September 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, September 30, 2021	\$ 5,000,000	\$ -	\$ 5,000,000
Contributions	577,312	113,216	690,528
Investment return, net	18,087	-	18,087
Appropriation of endowment assets for expenditure	<u>(99,405)</u>	<u>-</u>	<u>(99,405)</u>
Endowment net assets, September 30, 2022	<u>\$ 5,495,994</u>	<u>\$ 113,216</u>	<u>\$ 5,609,210</u>

Changes in endowment net assets were as follows for the year ended September 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, September 30, 2020	\$ -	\$ -	\$ -
Contributions	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Endowment net assets, September 30, 2021	<u>\$ 5,000,000</u>	<u>\$ -</u>	<u>\$ 5,000,000</u>

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 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:

	2022	2021
Memorial legacy	\$ 2,882,867	\$ 3,818,730
Transportation of TWTH	46,550	20,250
Total donated goods and services	<u>\$ 2,929,417</u>	<u>\$ 3,838,980</u>

### 11. 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.

### 12. 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.

## Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 12. Retirement Plan (continued)

Total employer contributions to the 401(k) Plan for the years ended September 30, 2022 and 2021 were \$32,561 and \$36,049, respectively. The Fund did not have any discretionary profit sharing contributions to the 401(k) Plan during the years ended September 30, 2022 and 2021.

### 13. 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.

### 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, 2022 and 2021, these activities included a direct mail and a digital media campaign. For the years ended September 30, 2022 and 2021, the costs of conducting those campaigns include a total of \$2,873,848 and \$2,535,827, 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.

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

	<u>2022</u>	<u>2021</u>
Memorial legacy	\$ 1,951,913	\$ 1,771,231
Fundraising	<u>921,935</u>	<u>764,596</u>
Total joint costs	<u>\$ 2,873,848</u>	<u>\$ 2,535,827</u>

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

Notes to Financial Statements  
September 30, 2022 and 2021

### **15. Income Taxes**

The Fund is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. 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, 2022 and 2021. 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.