

Vietnam Veterans Memorial Fund, Inc.

Financial Statements
and Independent Auditor's Report

September 30, 2023 and 2022

Vietnam Veterans Memorial Fund, Inc.

Financial Statements
September 30, 2023 and 2022

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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, 2023; 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, 2023, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements (continued)

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.
- 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.

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

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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 13, 2023. In our opinion, the summarized comparative information presented herein, as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
March 18, 2024

Vietnam Veterans Memorial Fund, Inc.

Statement of Financial Position
September 30, 2023
(With Comparative Totals for September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Assets				
Cash and cash equivalents	\$ 948,580	\$ -	\$ 948,580	\$ 875,104
Investments	12,935,839	1,531,996	14,467,835	9,501,253
Contributions receivable	130,303	-	130,303	5,205
Prepaid expenses and deposits	710,403	-	710,403	508,487
Property and equipment, net	1,041,794	-	1,041,794	1,772,287
Right-of-use assets – operating lease	78,973	-	78,973	119,680
Total assets	<u>\$ 15,845,892</u>	<u>\$ 1,531,996</u>	<u>\$ 17,377,888</u>	<u>\$ 12,782,016</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 266,051	\$ -	\$ 266,051	\$ 534,345
Grants to be repaid per donor contracts	200,000	-	200,000	200,000
Deferred revenue	88,000	-	88,000	81,610
Lease liabilities – operating lease	80,339	-	80,339	120,146
Total liabilities	<u>634,390</u>	<u>-</u>	<u>634,390</u>	<u>936,101</u>
Net Assets				
Without donor restrictions:				
Undesignated	4,925,658	-	4,925,658	4,563,832
Board-designated quasi-endowment	10,285,844	-	10,285,844	5,495,994
Total without donor restrictions	<u>15,211,502</u>	<u>-</u>	<u>15,211,502</u>	<u>10,059,826</u>
With donor restrictions:				
Purpose restrictions	-	1,376,940	1,376,940	1,672,873
Perpetual in nature	-	155,056	155,056	113,216
Total with donor restrictions	<u>-</u>	<u>1,531,996</u>	<u>1,531,996</u>	<u>1,786,089</u>
Total net assets	<u>15,211,502</u>	<u>1,531,996</u>	<u>16,743,498</u>	<u>11,845,915</u>
Total liabilities and net assets	<u>\$ 15,845,892</u>	<u>\$ 1,531,996</u>	<u>\$ 17,377,888</u>	<u>\$ 12,782,016</u>

See accompanying notes.

Vietnam Veterans Memorial Fund, Inc.

Statement of Activities
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue and Support				
Contributions	\$ 10,704,351	\$ 41,865	\$ 10,746,216	\$ 7,369,748
Donated goods and services	2,384,125	-	2,384,125	2,929,417
Site fees	306,500	-	306,500	270,000
Royalty income	131,588	-	131,588	186,356
Investment return, net	775,317	198,869	974,186	(1,661,867)
Other income	35,009	-	35,009	37,409
Released from restrictions	494,827	(494,827)	-	-
Total revenue and support	14,831,717	(254,093)	14,577,624	9,131,063
Expenses				
Program services:				
Memorial legacy	5,422,193	-	5,422,193	5,902,301
Ceremonies and events	556,219	-	556,219	623,363
In Memory	291,514	-	291,514	208,803
The Wall That Heals	740,621	-	740,621	785,797
Outreach	76,018	-	76,018	131,603
Education programs	228,666	-	228,666	273,774
Memorial maintenance	259,500	-	259,500	414,491
Total program services	7,574,731	-	7,574,731	8,340,132
Supporting services:				
General and administrative	416,190	-	416,190	333,879
Fundraising	1,689,120	-	1,689,120	1,534,170
Total supporting services	2,105,310	-	2,105,310	1,868,049
Total expenses	9,680,041	-	9,680,041	10,208,181
Change in Net Assets	5,151,676	(254,093)	4,897,583	(1,077,118)
Net Assets, beginning of year	10,059,826	1,786,089	11,845,915	12,923,033
Net Assets, end of year	\$ 15,211,502	\$ 1,531,996	\$ 16,743,498	\$ 11,845,915

See accompanying notes.

Vietnam Veterans Memorial Fund, Inc.

Statement of Functional Expenses
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)

	Program Services								Supporting Services			2023 Total Expenses	2022 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	\$ 284,655	\$ 129,914	\$ 148,246	\$ 345,060	\$ 70,157	\$ 204,435	\$ 41,115	\$ 1,223,582	\$ 177,773	\$ 344,400	\$ 522,173	\$ 1,745,755	\$ 1,773,739
Bank charges	237	397	124	402	64	235	20	1,479	6,946	44,607	51,553	53,032	46,673
Caging	-	-	-	-	-	-	-	-	-	223,746	223,746	223,746	168,258
Consulting	1,225	81,976	-	46,620	-	-	36,075	165,896	17,820	-	17,820	183,716	166,166
Depreciation and amortization	609,587	48,155	232	51,380	120	441	37	709,952	234	23,153	23,387	733,339	768,910
Direct mail and digital media	1,981,135	-	-	-	-	-	-	1,981,135	-	944,254	944,254	2,925,389	2,873,848
Dues and subscriptions	1,588	855	822	2,640	421	1,578	132	8,036	2,965	18,502	21,467	29,503	34,818
Facility and equipment rental	13,414	13,515	4,343	53,293	2,241	8,255	695	95,756	9,144	9,118	18,262	114,018	228,598
Insurance	4,296	2,459	2,297	7,292	1,179	4,396	367	22,286	15,179	4,791	19,970	42,256	41,959
Loss on property disposal	-	-	-	-	-	-	-	-	1,407	-	1,407	1,407	17,498
Meals and entertainment	7,148	2,974	44,461	22,291	172	1,174	-	78,220	6,155	1,522	7,677	85,897	100,549
Miscellaneous	2,050	-	-	4,701	-	-	-	6,751	2,068	10,250	12,318	19,069	1,099
Photos and video	4,600	31,298	19,282	4,434	-	31	-	59,645	-	-	-	59,645	61,667
Printing and postage	9,532	14,250	24,015	22,249	184	674	5,828	76,732	1,419	35,663	37,082	113,814	95,051
Professional fees	8,810	985	869	3,038	448	1,659	6,894	22,703	145,901	1,823	147,724	170,427	106,073
Public relations – donated services	2,323,424	-	-	-	-	-	-	2,323,424	-	-	-	2,323,424	2,812,888
Repairs and maintenance	-	4,925	1,675	13,650	-	-	167,796	188,046	-	-	-	188,046	350,698
Service provider fees	-	-	-	-	-	-	-	-	10,778	-	10,778	10,778	10,255
Special events	-	181,692	17,585	-	-	-	-	199,277	-	-	-	199,277	23,690
Supplies	80,113	10,578	3,370	8,250	304	1,818	327	104,760	852	12,229	13,081	117,841	118,819
Taxes, licenses, and filings	-	277	276	-	-	-	-	553	9,458	2,231	11,689	12,242	15,171
Telephone	2,554	1,499	1,319	4,391	680	2,506	211	13,160	1,330	2,768	4,098	17,258	17,173
Travel and lodging	3,684	30,459	22,587	149,761	42	1,443	1	207,977	6,750	10,040	16,790	224,767	224,890
TWTH – Transportation of the Wall	-	-	-	1,135	-	-	-	1,135	-	-	-	1,135	47,300
Website	84,141	11	11	34	6	21	2	84,226	11	23	34	84,260	102,391
Total Expenses	\$ 5,422,193	\$ 556,219	\$ 291,514	\$ 740,621	\$ 76,018	\$ 228,666	\$ 259,500	\$ 7,574,731	\$ 416,190	\$ 1,689,120	\$ 2,105,310	\$ 9,680,041	\$ 10,208,181

See accompanying notes.

Vietnam Veterans Memorial Fund, Inc.

Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 4,897,583	\$ (1,077,118)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments	(763,763)	1,827,066
Depreciation and amortization	733,339	768,910
Donated securities	-	(499,795)
Loss on disposal of property and equipment	1,407	17,498
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(125,098)	(5,205)
Prepaid expenses and deposits	(201,916)	(125,245)
Right-of-use assets – operating lease	40,707	(119,680)
Increase (decrease) in:		
Accounts payable and accrued expenses	(268,294)	249,516
Deferred revenue	6,390	19,610
Deferred rent	-	(44,238)
Lease liabilities – operating lease	(39,807)	120,146
Net cash provided by operating activities	4,280,548	1,131,465
Cash Flows from Investing Activities		
Purchases of property and equipment	(4,253)	(14,809)
Purchases of investments	(8,498,267)	(4,826,482)
Proceeds from sale of investments	4,295,448	3,624,019
Net cash used in investing activities	(4,207,072)	(1,217,272)
Net Increase (Decrease) in Cash and Cash Equivalents	73,476	(85,807)
Cash and Cash Equivalents, beginning of year	875,104	960,911
Cash and Cash Equivalents, end of year	\$ 948,580	\$ 875,104

See accompanying notes.

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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, Vietnam Women's Memorial, 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, 2023 and 2022

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, 2023 and 2022

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, 2023, 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 Lease

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 liabilities represent the Fund’s obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities 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, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022

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 \$88,000 and \$42,500 at September 30, 2023 and 2022, 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 \$0 and \$39,110 at September 30, 2023 and 2022, 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, 2023 and 2022

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, 2023 and 2022, 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 2022 financial statements, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation. These reclassifications have no effect on the change in net assets previously reported.

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through March 18, 2024, the date the financial statements were available to be issued.

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:

	2023	2022
Cash and cash equivalents	\$ 948,580	\$ 875,104
Investments	14,467,835	9,501,253
Contributions receivable	130,303	5,205
Total financial assets	15,546,718	10,381,562
Less: Board-designated endowment fund	(10,285,844)	(5,495,994)
Less: restricted by donors for purpose	(1,376,940)	(1,672,873)
Less: restricted by donors in perpetuity	(155,056)	(113,216)
Total available for general expenditures	<u>\$ 3,728,878</u>	<u>\$ 3,099,479</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.

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

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.

5. Investments and Fair Value Measurements

The Fund follows Financial Accounting Standards Board Accounting Standards Codification 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
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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>2023:</u>				
Money market funds	\$ 557,029	\$ -	\$ -	\$ 557,029
Mutual funds – fixed income	3,495,514	-	-	3,495,514
Mutual funds – equities	10,415,292	-	-	10,415,292
Total investments	\$ 14,467,835	\$ -	\$ -	\$ 14,467,835
<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

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

	2023	2022
Interest and dividends	\$ 290,634	\$ 235,692
Realized and unrealized gain (loss)	763,763	(1,827,066)
Less: investment management fees	(80,211)	(70,493)
Total investment return, net	\$ 974,186	\$ (1,661,867)

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
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6. Property and Equipment

Property and equipment consists of the following at September 30:

	2023	2022
Education Center design and content	\$ 6,174,997	\$ 6,174,997
Traveling wall	397,769	397,769
Website and application	316,104	316,104
Trailer exhibit	212,970	212,970
Art Guild	95,785	91,533
Furniture and equipment	15,046	19,595
Total property and equipment	7,212,671	7,212,968
Less: accumulated depreciation and amortization	(6,170,877)	(5,440,681)
Property and equipment, net	\$ 1,041,794	\$ 1,772,287

7. Operating Lease

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 lease is as follows:

Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$	47,475
ROU assets obtained in exchange for lease obligations	\$	78,973
Weighted-average remaining lease term (in years)		1.8
Weighted-average discount rate		7.50%

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
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7. Operating Lease (continued)

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

2024	\$	48,659
2025		<u>37,360</u>
Total minimum lease payments		86,019
Less: discount to present value at 7.50%		<u>(5,680)</u>
Present value of operating lease liabilities		<u><u>\$ 80,339</u></u>

8. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Memorial maintenance and additional names	\$ 1,376,263	\$ 1,669,871
TWITH transportation	-	3,000
Unappropriated endowment earnings	<u>677</u>	<u>2</u>
Total purpose restricted	1,376,940	1,672,873
Perpetual in nature:		
Legacy Endowment Fund	<u>155,056</u>	<u>113,216</u>
Total net assets with donor restrictions	<u><u>\$ 1,531,996</u></u>	<u><u>\$ 1,786,089</u></u>

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
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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. 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
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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, 2023 and 2022

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, 2023 and 2022.

Composition of Endowment Net Assets

Endowment net assets composition was as follows at September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Legacy Endowment Fund:			
Endowment corpus	\$ -	\$ 155,056	\$ 155,056
Board-designated quasi-endowment	10,285,844	-	10,285,844
Total endowment net assets	\$ 10,285,844	\$ 155,056	\$ 10,440,900

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

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

9. Endowments (continued)

Changes in Endowment Net Assets

Changes in endowment net assets were as follows for the year ended September 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, September 30, 2022	\$ 5,495,994	\$ 113,216	\$ 5,609,210
Contributions	4,342,752	41,840	4,384,592
Investment return, net	452,628	-	452,628
Appropriation of endowment assets for expenditure	<u>(5,530)</u>	<u>-</u>	<u>(5,530)</u>
Endowment net assets, September 30, 2023	<u>\$ 10,285,844</u>	<u>\$ 155,056</u>	<u>\$ 10,440,900</u>

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>

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
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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:

	2023	2022
Memorial legacy	\$ 2,384,125	\$ 2,882,867
Transportation of TWTH	-	46,550
Total donated goods and services	<u>\$ 2,384,125</u>	<u>\$ 2,929,417</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) retirement 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 an employer match up to 3% of the employee's contribution (100% of the first 2% of the employee's contribution and 50% of the next 2%). Plan participants vest immediately for employee contributions and after one year for employer contributions. Total employer contributions to the 401(k) Plan for the years ended September 30, 2023 and 2022 were \$29,737 and \$32,561, respectively.

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
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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, 2023 and 2022, these activities included a direct mail and a digital media campaign. For the years ended September 30, 2023 and 2022, the costs of conducting those campaigns include a total of \$2,925,389 and \$2,873,848, 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>2023</u>	<u>2022</u>
Memorial legacy	\$ 1,981,135	\$ 1,951,913
Fundraising	<u>944,254</u>	<u>921,935</u>
Total joint costs	<u>\$ 2,925,389</u>	<u>\$ 2,873,848</u>

Vietnam Veterans Memorial Fund, Inc.

Notes to Financial Statements
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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, 2023 and 2022. 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.