

**VIRGINIA WAR MEMORIAL
FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Virginia War Memorial Foundation, Inc.
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Virginia War Memorial Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Virginia War Memorial Foundation, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Virginia War Memorial Foundation, Inc. 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.

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 Virginia War Memorial Foundation, Inc.'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 Virginia War Memorial Foundation, Inc.'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 Virginia War Memorial Foundation, Inc.'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.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
April 1, 2025

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 939,224	\$ 1,548,879
Unconditional promises to give, net	38,500	31,065
Inventory	8,315	9,968
Prepaid expenses	13,215	29,266
Property and equipment, net	-	-
Investments, charitable gift annuities	158,674	138,791
Investments, endowment and long-term	<u>9,670,282</u>	<u>8,760,920</u>
	<u><u>\$ 10,828,210</u></u>	<u><u>\$ 10,518,889</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 9,313	\$ 14,765
Accrued liabilities	1,111	53
Rental deposits	5,994	2,538
Annuity obligations	<u>40,929</u>	<u>43,501</u>
 TOTAL LIABILITIES	<u>57,347</u>	<u>60,857</u>
 NET ASSETS		
Without donor restrictions	10,019,352	9,169,948
With donor restrictions	<u>751,511</u>	<u>1,288,084</u>
 TOTAL NET ASSETS	<u>10,770,863</u>	<u>10,458,032</u>
	<u><u>\$ 10,828,210</u></u>	<u><u>\$ 10,518,889</u></u>

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions, net	\$ 480,392	\$ 300,488	\$ 780,880
Sponsorships	58,875	-	58,875
Total Support, Other Than Special Events	<u>539,267</u>	<u>300,488</u>	<u>839,755</u>
Special Events			
Special event revenue	10,860	-	10,860
Direct benefits to donors	(24,734)	-	(24,734)
Net Support from Special Events	<u>(13,874)</u>	<u>-</u>	<u>(13,874)</u>
Program Services Revenue			
Events	<u>996</u>	<u>-</u>	<u>996</u>
Sales of Product			
Gift shop sales	8,909	-	8,909
Cost of goods sold	(5,904)	-	(5,904)
Net Sales of Product	<u>3,005</u>	<u>-</u>	<u>3,005</u>
Other Revenues, Gains, and (Losses)			
Facility rental	50,355	-	50,355
Recoveries of bad debts	-	-	-
Investment return, net	1,137,779	17,288	1,155,067
Total Other Revenues, Gains, and (Losses)	<u>1,188,134</u>	<u>17,288</u>	<u>1,205,422</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	854,349	(854,349)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>2,571,877</u>	<u>(536,573)</u>	<u>2,035,304</u>
EXPENSES			
Program Services			
Film production and educational programs	380,929	-	380,929
Events	150,886	-	150,886
Green Space and other facility improvements	742,799	-	742,799
Other programs	59,916	-	59,916
Total Program Services	<u>1,334,530</u>	<u>-</u>	<u>1,334,530</u>
Management and General	290,704	-	290,704
Fundraising	97,239	-	97,239
TOTAL EXPENSES	<u>1,722,473</u>	<u>-</u>	<u>1,722,473</u>
CHANGE IN NET ASSETS	849,404	(536,573)	312,831
NET ASSETS, beginning of year	9,169,948	1,288,084	10,458,032
Transfer	-	-	-
NET ASSETS, end of year	<u>\$ 10,019,352</u>	<u>\$ 751,511</u>	<u>\$ 10,770,863</u>

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions, net	\$ 668,338	\$ 334,429	\$ 1,002,767
Sponsorships	56,900	-	56,900
Total Support, Other Than Special Events	<u>725,238</u>	<u>334,429</u>	<u>1,059,667</u>
Special Events			
Special event revenue	8,795	-	8,795
Direct benefits to donors	(27,573)	-	(27,573)
Net Support from Special Events	<u>(18,778)</u>	<u>-</u>	<u>(18,778)</u>
Program Services Revenue			
Events	<u>9,957</u>	<u>-</u>	<u>9,957</u>
Sales of Product			
Gift shop sales	9,641	-	9,641
Cost of goods sold	(6,445)	-	(6,445)
Net Sales of Product	<u>3,196</u>	<u>-</u>	<u>3,196</u>
Other Revenues, Gains, and (Losses)			
Facility rental	58,832	-	58,832
Recoveries of bad debts	10,500	-	10,500
Investment return, net	1,106,273	13,871	1,120,144
Total Other Revenues, Gains, and (Losses)	<u>1,175,605</u>	<u>13,871</u>	<u>1,189,476</u>
Net Assets Released from Restrictions			
Satisfaction of program restrictions	226,781	(226,781)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>2,121,999</u>	<u>121,519</u>	<u>2,243,518</u>
EXPENSES			
Program Services			
Film production and educational programs	363,600	-	363,600
Events	203,563	-	203,563
Green Space and other facility improvements	154,555	-	154,555
Other programs	40,539	-	40,539
Total Program Services	<u>762,257</u>	<u>-</u>	<u>762,257</u>
Management and General	189,987	-	189,987
Fundraising	108,326	-	108,326
TOTAL EXPENSES	<u>1,060,570</u>	<u>-</u>	<u>1,060,570</u>
CHANGE IN NET ASSETS	1,061,429	121,519	1,182,948
NET ASSETS, beginning of year	8,108,522	1,166,562	9,275,084
Transfer	(3)	3	-
NET ASSETS, end of year	<u>\$ 9,169,948</u>	<u>\$ 1,288,084</u>	<u>\$ 10,458,032</u>

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services					Management and General	Fundraising	Total
	Film Production and Educational Programs	Events	Green Space and Other Facility Improvements	Other Programs	Total Program Services			
Salaries and wages	\$ 91,411	\$ 78,911	\$ 54,869	\$ 50,990	\$ 276,181	\$ 115,929	\$ 73,786	\$ 465,896
Payroll taxes	6,874	5,934	4,126	3,835	20,769	8,718	5,549	35,036
Employee benefits	8,325	7,202	4,932	4,628	25,087	10,667	6,824	42,578
	<u>106,610</u>	<u>92,047</u>	<u>63,927</u>	<u>59,453</u>	<u>322,037</u>	<u>135,314</u>	<u>86,159</u>	<u>543,510</u>
Green space	-	-	559,070	-	559,070	-	-	559,070
Virginia War Memorial capital expenses	-	-	113,383	-	113,383	-	-	113,383
Preservation and access	87,848	-	-	-	87,848	-	-	87,848
Events	-	46,467	-	-	46,467	-	35,118	81,585
Mighty Pen	73,706	-	-	-	73,706	-	-	73,706
Displays and exhibits	58,968	-	-	-	58,968	-	-	58,968
Printing, reproduction and newsletters	6,291	6,290	3,145	-	15,726	35,243	-	50,969
Advertising	5,587	5,587	2,793	-	13,967	16,702	-	30,669
Professional fees	12	13	13	13	51	27,451	-	27,502
Board management	-	-	-	-	-	20,284	-	20,284
Education programs	19,444	-	-	-	19,444	-	-	19,444
Interns, volunteer support, and outreach	19,255	-	-	-	19,255	-	-	19,255
Postage and delivery	31	31	16	-	78	16,748	-	16,826
Change in value of annuity obligations	-	-	-	-	-	7,940	-	7,940
Bank, stock transfer and merchant charges	-	-	-	-	-	5,940	-	5,940
Cost of goods sold	-	1,102	-	-	1,102	4,802	-	5,904
Bad debt	-	-	-	-	-	5,000	-	5,000
Licenses, dues and subscriptions	133	132	133	132	530	3,482	696	4,708
Database management	-	-	-	-	-	4,335	-	4,335
Website hosting and design	-	-	-	-	-	4,203	-	4,203
Office expense and supplies	-	-	-	-	-	3,402	-	3,402
Insurance	-	-	-	-	-	3,343	-	3,343
Film production	2,725	-	-	-	2,725	-	-	2,725
Professional development	-	-	-	-	-	1,317	-	1,317
Rental operations expense	319	319	319	318	1,275	-	-	1,275
TOTAL EXPENSES	<u>380,929</u>	<u>151,988</u>	<u>742,799</u>	<u>59,916</u>	<u>1,335,632</u>	<u>295,506</u>	<u>121,973</u>	<u>1,753,111</u>
Cost of goods sold	-	(1,102)	-	-	(1,102)	(4,802)	-	(5,904)
Cost of direct benefit to donors	-	-	-	-	-	-	(24,734)	(24,734)
PER STATEMENT OF ACTIVITIES	<u>\$ 380,929</u>	<u>\$ 150,886</u>	<u>\$ 742,799</u>	<u>\$ 59,916</u>	<u>\$ 1,334,530</u>	<u>\$ 290,704</u>	<u>\$ 97,239</u>	<u>\$ 1,722,473</u>

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services					Management and General	Fundraising	Total
	Film Production and Educational Programs	Events	Green Space and Other Facility Improvements	Other Programs	Total Program Services			
Salaries and wages	\$ 94,574	\$ 83,020	\$ 43,873	\$ 23,160	\$ 244,627	\$ 73,015	\$ 88,499	\$ 406,141
Payroll taxes	7,207	6,327	3,344	1,765	18,643	5,565	6,744	30,952
Employee benefits	5,023	4,410	2,330	1,230	12,993	3,878	4,700	21,571
	106,804	93,757	49,547	26,155	276,263	82,458	99,943	458,664
Events	-	84,811	-	-	84,811	-	30,049	114,860
Green space	-	-	79,682	-	79,682	-	-	79,682
Film production	72,500	-	-	-	72,500	-	-	72,500
Displays and exhibits	68,607	-	-	-	68,607	-	-	68,607
Printing, reproduction and newsletters	16,188	16,188	8,094	-	40,470	12,962	5,620	59,052
Preservation and access	37,908	-	-	12,619	50,527	-	-	50,527
Professional fees	304	304	304	305	1,217	35,540	-	36,757
Mighty Pen	33,663	-	-	-	33,663	-	-	33,663
Advertising	6,081	6,081	3,041	-	15,203	308	-	15,511
Postage and delivery	155	155	78	-	388	14,763	-	15,151
Board management	-	-	-	172	172	14,699	-	14,871
Education programs	12,328	-	-	-	12,328	-	-	12,328
Virginia War Memorial capital expenses	-	-	12,226	-	12,226	-	-	12,226
Interns, volunteer support, and outreach	6,794	-	-	-	6,794	-	-	6,794
Cost of goods sold	-	-	-	-	-	-	6,445	6,445
Bank, stock transfer and merchant charges	-	-	-	390	390	5,326	-	5,716
Licenses, dues and subscriptions	439	439	439	438	1,755	3,594	-	5,349
Office expense and supplies	160	160	160	159	639	4,075	287	5,001
Change in value of annuity obligations	-	-	-	-	-	4,810	-	4,810
Database management	-	-	-	-	-	4,158	-	4,158
Rental operations expense	300	300	300	301	1,201	2,229	-	3,430
Website hosting and design	1,369	1,368	684	-	3,421	-	-	3,421
Insurance	-	-	-	-	-	2,594	-	2,594
Professional development	-	-	-	-	-	2,471	-	2,471
TOTAL EXPENSES	363,600	203,563	154,555	40,539	762,257	189,987	142,344	1,094,588
Cost of goods sold	-	-	-	-	-	-	(6,445)	(6,445)
Cost of direct benefit to donors	-	-	-	-	-	-	(27,573)	(27,573)
PER STATEMENT OF ACTIVITIES	\$ 363,600	\$ 203,563	\$ 154,555	\$ 40,539	\$ 762,257	\$ 189,987	\$ 108,326	\$ 1,060,570

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 312,831	\$ 1,182,948
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(535,829)	(862,536)
Realized (gain) loss on investments	(103,657)	86,256
(Increase) decrease in		
Unconditional promises to give	(7,435)	296,062
Inventory	1,653	1,421
Prepaid expenses	16,051	(28,051)
Increase (decrease) in		
Accounts payable	(5,452)	14,086
Accrued liabilities	1,058	-
Rental deposits	3,456	(6,199)
Annuity obligations	(2,572)	4,842
	<u>(319,896)</u>	<u>688,829</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(353,081)
Withdrawals from investments	193,868	121,800
Reinvestment of dividends and capital gains, net of fees	(483,627)	(307,242)
	<u>(289,759)</u>	<u>(538,523)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(609,655)	150,306
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,548,879</u>	<u>1,398,573</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 939,224</u></u>	<u><u>\$ 1,548,879</u></u>

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Virginia War Memorial Foundation, Inc. (the “Foundation”) conducts the promotion and fund development activities of the Virginia War Memorial (the “Memorial”), an entity of the Commonwealth of Virginia created to maintain and operate a memorial to honor Virginia’s veterans; particularly those who made the supreme sacrifice in war. The Foundation promotes the Memorial by developing and implementing educational programs which honor veterans by teaching that freedom is gained only by eternal vigilance and sacrifice. The Foundation is supported primarily through donor contributions and grants.

Program Descriptions

Green Space and Other Facility Improvements - This is primarily the Foundation’s multi-year Public Green Space project. This project includes more attractive and more sustainable landscaping to reflect Virginia natives, favorites and pollinators, as well as better wayfinding and other outdoor enhancements to improve the visitor experience. Other facility improvements include investments to upgrade specific exhibit and education spaces.

Film Production and Educational Programs - This includes costs to support Displays and Exhibits, Docent Support, Educational Programs, and the Foundation’s signature program, production of the film series “Virginians at War”.

Events - The Foundation inspires patriotism in its support of the War Memorial’s patriotic and public events that includes but is not limited to commemorations on Memorial Day, Patriot Day, Veterans Day, Independence Day (Hill of Heroes), and Pearl Harbor Day. The Foundation also sponsors Leadership in America programs throughout the year.

Summary of Significant Accounting Policies

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for not-for-profit entities. The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understandability of the financial statements.

Fair Value Measurements

The Foundation reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by accounting principles generally accepted in the United States of America, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability’s measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements - Continued

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the Foundation has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Foundation measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Foundation is required to measure at fair value (for example, unconditional promises to give and certain in-kind contributions).

The primary uses of fair value measures in the Foundation's financial statements are:

- recurring measurement of endowment and long-term investments.
- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.

The Foundation uses the following ways to determine the fair value of its investments:

Money market funds: Determined by the published net asset value (NAV) per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Open-end mutual funds: Determined by the published net asset value (NAV) per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Equity securities traded on national securities exchanges: Determined by the published closing price on the last business day of the year.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified to conform to the current-year presentation, with no effect on the previously reported change in net assets.

Income Taxes

The Foundation is exempt from federal income taxes as defined under Section 501(c)(3) of the Internal Revenue Code (IRC), although it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Foundation are tax deductible to donors under Section 170 of the IRC. The Foundation is not classified as a private foundation.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBTI). The Foundation has recognized no uncertain tax positions for the years ended December 31, 2024 and 2023.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents

Cash and cash equivalents are short-term, interest-bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Inventory

Inventory is stated at the lower of cost or net realizable value. The first-in, first-out (FIFO) method is used to determine the cost of inventories.

Unconditional Promises to Give

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value as of the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a cost of \$500 or greater. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets.

Endowment and Long-term Investments

Endowment investments consist of investments purchased with the following resources:

- Donor-restricted perpetual endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the Foundation's activities.
- Donor-restricted term endowments, which are contributions restricted by donors to investment for the term specified by the donor. During that term, the donor may either require investment income and appreciation to be reinvested in the fund, or may permit the Foundation to spend those amounts in accordance with the donor's restrictions on use.
- Board-designated endowments, which are resources set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted perpetual endowment. Because a board-designated endowment results from an internal designation, it can be spent upon action of the Board of Directors.

Endowment investments also include investments purchased with unspent investment income and net gains on these resources.

Endowment investments are reported at fair value with changes to fair value reported as investment return in the statement of activities. Purchases and sales of investments are reported on the trade date.

Endowments

The Foundation's endowment includes both donor restricted endowment funds and funds designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interpretation of the Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Virginia War Memorial Foundation, Inc. has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation 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 Foundation 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 of investments
6. Other resources of the Foundation, including borrowing capacity
7. The investment policies of Virginia War Memorial Foundation, Inc.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the environment in which the Foundation operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets With Donor Restrictions - Continued

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

Revenue Recognition Policy

Revenue is measured based on consideration specified in a contract with a customer. The Foundation recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The Foundation has no contract assets or liabilities to report as of December 31, 2024 or 2023.

Performance Obligations

Special event revenue - For performance obligations related to special event revenue, control transfers to the attendee over time. Revenue is recognized over the course of the event.

Events - For performance obligations related to events, control transfers to the attendee over time. Revenue is recognized over the course of the event.

Gift shop sales - For performance obligations related to gift shop sales, control transfers to the customer at a point in time. Revenue is recognized when the transaction has been completed and the customer takes possession of the merchandise.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expense Recognition and Allocation

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- The Foundation's salaries, payroll taxes, and employee benefits are allocated based on management's estimate of time spent on programs, management and general, and fundraising.
- All other expenses are allocated based on coding indicated on expense request forms.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

NOTE B - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 are:

Financial assets:	
Cash and cash equivalents	\$ 939,224
Unconditional promises to give, net	38,500
Investments, charitable gift annuities	158,674
Investments, endowment and long-term	9,670,282
Total financial assets	<u>10,806,680</u>
Less financial assets held to meet	
donor-imposed restrictions:	
Purpose-restricted net assets (Note H)	597,689
Donor-restricted endowment funds (Note G)	153,822
Less investments, charitable gift annuities	158,674
Less board-designated endowment fund (Note G)	<u>9,516,460</u>
Amount available for general expenditures	
within one year	<u>\$ 380,035</u>

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE B - LIQUIDITY - Continued

The above table reflects donor-restricted and board-designated endowment funds as unavailable, because it is the Foundation's intention to invest those resources for the long-term support of the Foundation. However, in the case of need, the Board of Directors could appropriate resources from its designated endowment fund (\$9,516,460). Note G provides more information about those funds and about the spending policies for all endowment funds.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is deposited in a money market savings account.

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31, 2024 and 2023 are as follows:

	2024	2023
Receivable in less than one year	\$ 61,000	\$ 46,340
Receivable in one to five years	-	2,500
Total unconditional promises to give	61,000	48,840
Less allowance for uncollectible pledges	22,500	17,500
Less discounts to net present value	-	275
Net unconditional promises to give	<u>\$ 38,500</u>	<u>\$ 31,065</u>

Unconditional promises to give after one year are discounted at 6%. Contributions from related parties totaled \$155,291 and \$204,780 during 2024 and 2023, respectively. There were no conditional promises to give as of December 31, 2024 or 2023.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023 is as follows:

	2024	2023
Property and equipment	\$ 1,482	\$ 1,482
Less: Accumulated depreciation	1,482	1,482
	<u>\$ -</u>	<u>\$ -</u>

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE E - INVESTMENTS

Investments, charitable gift annuities and investments, endowment and long-term consist of the following as of December 31, 2024 and 2023:

	2024	2023
Equities	\$ 3,467,322	\$ 3,795,804
Equity mutual funds	2,400,277	3,077,493
Fixed income mutual funds	3,930,994	1,982,694
Money market fund	30,363	43,720
	<u>\$ 9,828,956</u>	<u>\$ 8,899,711</u>

Investment income (loss) included in the accompanying statements of activities consists of the following for the year ended December 31, 2024:

	Without Donor Restrictions	Board Designated	Donor Restricted	Total
Interest and dividends	\$ 40,488	\$ 500,999	\$ 8,001	\$ 549,488
Realized gain (loss) on investments	(148)	101,721	1,961	103,534
Unrealized gain on investments	12,245	515,746	7,838	535,829
Investment expenses	(748)	(32,524)	(512)	(33,784)
	<u>\$ 51,837</u>	<u>\$ 1,085,942</u>	<u>\$ 17,288</u>	<u>\$1,155,067</u>

Investment income (loss) included in the accompanying statements of activities consists of the following for the year ended December 31, 2023:

	Without Donor Restrictions	Board Designated	Donor Restricted	Total
Interest and dividends	\$ 41,705	\$ 326,545	\$ 4,824	\$ 373,074
Realized gain (loss) on investments	(66)	(87,381)	1,145	(86,302)
Unrealized gain on investments	13,239	841,008	8,289	862,536
Investment expenses	(575)	(28,202)	(387)	(29,164)
	<u>\$ 54,303</u>	<u>\$ 1,051,970</u>	<u>\$ 13,871</u>	<u>\$1,120,144</u>

All financial assets relating to investments were measured using Level 1 inputs.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE F - CHARITABLE GIFT ANNUITIES

During 2022, the Foundation started to administer charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the donor or other designated beneficiaries over the annuity's term (usually the designated beneficiary's lifetime). At the end of the annuity's term, the remaining assets are available for the Foundation's use. The portion of the annuity attributable to the present value of the future benefits to be received by the Foundation is recorded in the statement of activities as a contribution in the period the annuity is established. There were no such contributions in 2024. In 2023, the Foundation received a \$14,266 contribution from a charitable gift annuity. Assets held in the annuity investment accounts are reported at fair market value in the Foundation's statement of financial position. On an annual basis, the Foundation revalues the liability based on actuarial assumptions. The Foundation makes distributions to the designated beneficiaries on a quarterly basis. The present value of the estimated future payments (\$40,929 and \$43,501 as of December 31, 2024 and 2023, respectively) is calculated using discount rates of 8.3% and 9.1% and applicable mortality tables.

NOTE G - ENDOWMENT FUND

The net asset composition of the endowment as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Type of Endowment Fund:			
Donor restricted funds			
Perpetual endowment	\$ -	\$ 28,988	\$ 28,988
Marocchi Memorial Scholarship Fund	-	124,834	124,834
Board designated endowment	9,516,460	-	9,516,460
	<u>\$ 9,516,460</u>	<u>\$ 153,822</u>	<u>\$ 9,670,282</u>

The net asset composition of the endowment as of December 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Type of Endowment Fund:			
Donor restricted funds			
Perpetual endowment	\$ -	\$ 25,819	\$ 25,819
Marocchi Memorial Scholarship Fund	-	110,715	110,715
Board designated endowment	8,624,386	-	8,624,386
	<u>\$ 8,624,386</u>	<u>\$ 136,534</u>	<u>\$ 8,760,920</u>

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE G - ENDOWMENT FUND - Continued

Subject to the terms of any applicable gift agreement, the Foundation may make the income available for expenditure from the perpetual endowment fund. These amounts may only be expended for the purposes specified in and in accordance with the terms of any gift agreements between the Foundation and donors making contributions to the perpetual endowment fund. The board designated endowment funds may be used to provide support and funding to the Foundation, subject to board approval.

During 2023, the Foundation established the Marocchi Memorial Scholarship Fund to honor the memory of Rear Admiral John Marocchi. Scholarships will be awarded to graduating seniors from Virginia high schools who plan to enroll in the Reserve Officer Training Corp ("ROTC") at a Virginia school of higher education. The scholarship consists of donor-restricted endowment funds. Annual expenditures may not exceed the Foundation's endowment draw rate. In years when distributions are not made to the full allowable amount, the expendable amount in subsequent years will be increased by available prior year distributions that were not spent.

Investment and Spending Policies

The Foundation has an investment policy specific to its Endowment Fund, which is monitored by the Board of Directors. The investment policy describes the objective for the fund and sets ranges for asset allocation. The objective of the Endowment Fund is to earn the highest possible total return consistent with a level of risk suitable for these assets. At a minimum, long term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment Fund assets, to provide necessary capital to fund the spending policy, and to cover the costs of managing the Endowment Fund investments. The Endowment Fund shall be invested to seek a total return for the assets held in the fund. Actual returns in any given year may vary. In light of this return requirement, the portfolio is constructed using a total return approach with a significant portion of the funds invested to seek growth of principal over time. The assets are invested for the long term, and a higher short-term volatility in these assets is to be expected and accepted. The Foundation limits its investments in so-called alternative investments - investments in the form of limited partnerships, limited liability companies, or joint ventures - which might commit the Foundation to future investments or have legal restrictions that prevent the sale or redemption of the investment for more than a year.

The Foundation's Endowment Fund and Investment Policy allows for development of a spending formula based on the fair market value of total assets of the Endowment, subject to the terms of any applicable gift agreement. During 2021, the Foundation adopted a policy of spending up to 3% of the twelve-quarter moving average of the Board Designated Endowment fair market value measured as of each September. This spending rate was implemented in 2022. In establishing this policy, the Foundation considered the long-term expected return on its Endowment Fund investments and set this policy with the objective of maintaining the purchasing power of its Donor-Restricted Permanent Endowment funds over time.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE G - ENDOWMENT FUND - Continued

Changes in the endowment fund net assets for the years ended December 31, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund net assets, December 31, 2022	\$ 7,465,216	\$ 22,660	\$ 7,487,876
Contributions	229,000	100,000	329,000
Transfer	-	3	3
Investment gain	1,051,970	13,871	1,065,841
Withdrawals	(121,800)	-	(121,800)
Endowment Fund net assets, December 31, 2023	8,624,386	136,534	8,760,920
Investment gain	1,085,942	17,288	1,103,230
Withdrawals	(193,868)	-	(193,868)
Endowment Fund net assets, December 31, 2024	<u>\$ 9,516,460</u>	<u>\$ 153,822</u>	<u>\$ 9,670,282</u>

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2024 and 2023, net assets with donor restrictions were available for the following purposes:

Purpose restrictions, available for spending:	2024	2023
Program Services:		
Major facilities	\$ 249,872	\$ 362,852
Green Space	207,676	701,995
Displays and exhibits	60,727	9,035
Education programs	39,914	9,318
War in Pieces plays	26,000	45,625
School and student assistance	13,000	23,000
Mighty Pen	500	-
Less discounts to net present value	-	(275)
Total purpose-restricted net assets	<u>597,689</u>	<u>1,151,550</u>
Endowment fund, which is required to be retained either by explicit donor stipulations or by SPMIFA:		
Marocchi Scholarship Endowment (original gift \$100,000)	124,834	110,715
General Endowment (original gift \$17,900)	28,988	25,819
Total net assets with donor restrictions	<u>\$ 751,511</u>	<u>\$ 1,288,084</u>

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets were released from donor restrictions during the years ended December 31, 2024 and 2023 by incurring expenses that satisfy the restricted purposes, or by the occurrence of other events specified by the donors, as follows:

	2024	2023
Satisfaction of program restrictions:		
Green Space	\$ 569,772	\$ 79,682
Major facilities	112,980	5,073
War in Pieces plays	45,625	4,375
Education programs	34,444	57,074
Displays and exhibits	31,408	38,079
Preservation and access	30,000	25,000
Mighty Pen	20,120	-
School and student assistance	10,000	5,000
Leadership in America	-	7,498
Creative arts center	-	5,000
	<u>\$ 854,349</u>	<u>\$ 226,781</u>

NOTE I - CONCENTRATIONS

Bank Deposits

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. All depository accounts of the Foundation are in institutions insured by the Federal Depository Insurance Corporation; however, the deposits exceeded the insurance limits from time to time during the years ended December 31, 2024 and 2023. As of December 31, 2024 and 2023, the Foundation's balance in excess of insurance was approximately \$650,322 and \$1,264,000, respectively.

Major Unconditional Promises to Give

The Foundation considers unconditional promises to give that account for more than 10% of total unconditional promises to give to be major unconditional promises to give. For the year ended December 31, 2024, two unconditional promises to give accounted for 66% of unconditional promises to give. For the year ended December 31, 2023, six unconditional promises to give accounted for 87% of unconditional promises to give.

Major Donors

The Foundation considers contributions from donors that account for more than 10% of total contributions to be major donors. For the year ended December 31, 2024, no donors accounted for more than 10% of total contributions. For the year ended December 31, 2023, two donors accounted for 38% of contributions.

VIRGINIA WAR MEMORIAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2024 AND 2023

NOTE J - DISAGGREGATED REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Foundation's revenue based on the time of satisfaction of performance obligations for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Performance obligations satisfied over time:		
Special event revenue	\$ 10,860	\$ 8,795
Events	<u>9,319</u>	<u>9,957</u>
	20,179	18,752
Performance obligations satisfied at a point in time:		
Gift shop sales	<u>8,909</u>	<u>9,641</u>
Total revenue from contracts with customers	<u>\$ 29,088</u>	<u>\$ 28,393</u>

NOTE K - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 1, 2025, which is the date the financial statements were available to be issued.