

**FRIENDS OF THE NATIONAL WORLD WAR II  
MEMORIAL, INC.**

**DECEMBER 31, 2015  
With Summarized Financial Information  
For the Year Ended December 31, 2014**

**These financial statements  
may be reproduced only  
in their entirety.**

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

DECEMBER 31, 2015  
With Summarized Financial Information  
For the Year Ended December 31, 2014

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## **INDEPENDENT AUDITOR'S REPORT**

To the Finance and Audit Committee  
Friends of the National World War II Memorial, Inc.  
Washington, D.C.

### **Scope**

We have audited the accompanying financial statements of Friends of the National World War II Memorial, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Finance and Audit Committee  
Friends of the National World War II Memorial, Inc.  
Washington, D.C.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Ross, Langan & McKeen*  
*L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

May 6, 2016

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015

With Comparative Financial Information as of December 31, 2014

ASSETS

|   | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                     |                     |                     |
| Cash and cash equivalents                 | \$ 1,689,032        | \$ 838,175          |
| Prepaid expenses and other current assets | 8,934               | 12,439              |
| Contributions receivable, current, net    | 69,146              | 319,365             |
| Donated securities                        | <u>25,043</u>       | <u>-</u>            |
| Total current assets                      | .....1,792,155      | .....1,169,979      |
| <b>NONCURRENT ASSETS</b>                  |                     |                     |
| Contributions receivable, net             | 24,038              | 71,191              |
| Other noncurrent assets                   | <u>21,324</u>       | <u>3,730</u>        |
| Total noncurrent assets                   | <u>45,362</u>       | <u>74,921</u>       |
| <b>TOTAL ASSETS</b>                       | <u>\$ 1,837,517</u> | <u>\$ 1,244,900</u> |

LIABILITIES AND NET ASSETS

|  |                     |                     |
|--|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>                     |                     |                     |
| Accounts payable                               | \$.....51,417       | \$.....30,447       |
| <b>NET ASSETS</b>                              |                     |                     |
| Unrestricted:                                  |                     |                     |
| Undesignated                                   | 256,299             | 186,657             |
| Board designated - Institutional Building Fund | <u>537,811</u>      | <u>593,504</u>      |
| Total unrestricted                             | 794,110             | 780,161             |
| Temporarily restricted                         | <u>991,990</u>      | <u>434,292</u>      |
| <b>TOTAL NET ASSETS</b>                        | <u>1,786,100</u>    | <u>1,214,453</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>        | <u>\$ 1,837,517</u> | <u>\$ 1,244,900</u> |

The accompanying notes are an integral part of these financial statements.

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 With Summarized Financial Information For the Year Ended December 31, 2014

|                                       | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>2015</u>         | <u>2014</u>         |
|---------------------------------------|---------------------|-----------------------------------|---------------------|---------------------|
| <b>REVENUE AND SUPPORT</b>            |                     |                                   |                     |                     |
| Contributions                         | \$ 195,661          | \$ 1,030,917                      | \$ 1,226,578        | \$ 641,748          |
| Donated securities                    | 24,750              | -                                 | 24,750              | -                   |
| Other income                          | 1,985               | -                                 | 1,985               | 3,179               |
| Net assets released from restrictions | <u>473,219</u>      | <u>( 473,219)</u>                 | <u>-</u>            | <u>-</u>            |
| Total revenue and support             | <u>695,615</u>      | <u>557,698</u>                    | <u>1,253,313</u>    | <u>644,927</u>      |
| <b>EXPENSES</b>                       |                     |                                   |                     |                     |
| Program services:                     |                     |                                   |                     |                     |
| Education                             | 194,928             | -                                 | 194,928             | 214,833             |
| Commemorative events                  | 237,060             | -                                 | 237,060             | 202,962             |
| Legacy lecture                        | 21,430              | -                                 | 21,430              | 52,201              |
| Memorial maintenance                  | <u>3,116</u>        | <u>-</u>                          | <u>3,116</u>        | <u>1,785</u>        |
| Total program services                | <u>456,534</u>      | <u>-</u>                          | <u>456,534</u>      | <u>471,781</u>      |
| Supporting services:                  |                     |                                   |                     |                     |
| Management and general                | 61,760              | -                                 | 61,760              | 75,485              |
| Fundraising                           | <u>163,372</u>      | <u>-</u>                          | <u>163,372</u>      | <u>110,757</u>      |
| Total supporting services             | <u>225,132</u>      | <u>-</u>                          | <u>225,132</u>      | <u>186,242</u>      |
| Total expenses                        | <u>681,666</u>      | <u>-</u>                          | <u>681,666</u>      | <u>658,023</u>      |
| CHANGE IN NET ASSETS                  | 13,949              | 557,698                           | 571,647             | ( 13,096)           |
| NET ASSETS, BEGINNING OF YEAR         | <u>780,161</u>      | <u>434,292</u>                    | <u>1,214,453</u>    | <u>1,227,549</u>    |
| NET ASSETS, END OF YEAR               | <u>\$ 794,110</u>   | <u>\$ 991,990</u>                 | <u>\$ 1,786,100</u> | <u>\$ 1,214,453</u> |

The accompanying notes are an integral part of these financial statements.

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

With Comparative Financial Information For the Year Ended December 31, 2014

|  | <u>2015</u>             | <u>2014</u>           |
|--|-------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                         |                       |
| Change in net assets   | \$ 571,647              | \$( 13,096)           |
| Adjustments to reconcile change in net assets to<br>net change in cash from operating activities |                         |                       |
| Change in assets and liabilities:  |                         |                       |
| Donated securities   | ( 25,043)               | -                     |
| Prepaid expenses and other current assets  | 3,505                   | ( 11,003)             |
| Contributions receivable   | 297,372                 | 110,211               |
| Other noncurrent assets  | ( 17,594)               | 804                   |
| Accounts payable   | 20,970                  | 20,303                |
| Accrued salaries and benefits  | <u>-</u>                | <u>( 23,017)</u>      |
| Net change in cash from operating activities   | 850,857                 | 84,202                |
| <br>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR   | <br><u>838,175</u>      | <br><u>753,973</u>    |
| <br>CASH AND CASH EQUIVALENTS, END OF YEAR   | <br><u>\$ 1,689,032</u> | <br><u>\$ 838,175</u> |

The accompanying notes are an integral part of these financial statements.

# FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - ORGANIZATION, NATURE OF ACTIVITIES, AND PROGRAM DESCRIPTIONS

The Friends of the National World War II Memorial, Inc. (the Organization) was founded in 2007 as a nonprofit corporation. The Organization's purpose is to help make the National World War II Memorial (the Memorial) to be - an open, welcoming gathering place in the center of the National Mall in Washington, D.C., to commemorate and celebrate the defining event of the 20th Century, and to honor all those Americans who served on the home front, battle front, and all those who gave their lives in history's greatest and costliest war. The Organization promotes the Memorial through events and activities with the cooperation of the National Park Service (NPS). The Organization derives revenue primarily through contributions.

#### Education

The Organization provides educational programs and resources. To this end, the Organization collected and archived video interviews of World War II (WWII) veterans and other members of the greatest generation through the *Voices of WWII* program and made curriculum materials available to educators across the country via the Organization's website.

#### Commemorative Events

In cooperation with the NPS, the Organization has the lead responsibility in planning and staging major national commemorative events at the Memorial on V-E Day, Memorial Day, V-J Day, Veterans Day, Pearl Harbor Remembrance Day, and other significant anniversary dates and sponsors free public performances of military bands at the Memorial. The ceremonies and concerts are free and open to the public. The ceremonies include a formal presentation of wreaths at the freedom wall of stars to honor the more than 400,000 Americans who died in WWII. Each commemorative ceremony begins with a presentation of patriotic music by various military bands, followed by the presentation of the colors by the Armed Forces Color Guard. The programs feature remarks by honored guests and a keynote speaker. All ceremonies end with the playing of *Taps*.

#### Memorial Day Ceremony

The May 25th Memorial Day observance at the Memorial paid special recognition to all those who made the ultimate sacrifice during WWII. The Norwegian Assistant Defense Minister gave remarks and presented wreaths at the Freedom Wall of Stars with veterans from WWII. The U.S. Army Band, Pershing's Own, performed during the ceremony and presented a pre-ceremony concert.

#### Pearl Harbor Remembrance Day Ceremony

The December 7th Pearl Harbor Remembrance Day ceremony was held to remember and honor all those who died in the attack at Pearl Harbor on December 7, 1941. The ceremony began with the tolling of a U.S. Navy bell marking the first moments of the attack on Pearl Harbor. Navy Rear Admiral Craig S. Faller, Chief of Legislative Affairs for the Secretary of the Navy, gave remarks. He also joined Pearl Harbor survivors and WWII veterans in laying wreaths at the Freedom Wall of Stars to pay tribute to the more than 400,000 Americans who lost their lives during WWII, including the more than 2,400 who lost their lives on December 7, 1941. Among those veterans in attendance was Mr. Frank Levingston of Lake Charles, Louisiana, who at 110-years-old is believed to be the oldest living WWII veteran. The U.S Navy Ceremonial Band performed throughout the event.



FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION, NATURE OF ACTIVITIES, AND PROGRAM DESCRIPTIONS (continued)

Commemorative Events (continued)

V-E Day Ceremony

In remembrance of the 70th anniversary of the allied forces victory in Europe during WWII, the May 8th V-E Day ceremony paid special recognition to all WWII veterans and especially those who fought in the European theater during the war. Madeleine Albright's sister Kathy Silva gave remarks and presented a wreath at the Freedom Wall of Stars with representatives of the allied nations, veterans from WWII, and holocaust survivors who were liberated from concentration camps at the end of the war. Author Alex Kershaw served as the master of ceremonies and expert historian. The U.S. Air Force Band, The Airmen of Note, performed during the ceremony and presented a pre-ceremony concert. The ceremony was followed by the *Arsenal of Democracy WWII Victory Capitol Flyover* of 56-historic WWII aircraft.

V-J Day Ceremony

In remembrance of the 70th anniversary of the allied forces victory in the Pacific and the end of WWII, the September 2nd V-J Day ceremony celebrated the spirit of unity of the American people during this pivotal moment in our nation's history and gave recognition to all WWII veterans, especially those who fought in the Pacific theater during the war, as well as all those who served on the home front. Former Senator Bob Dole and Major General John P. Herrling, USA (Ret.) gave remarks and presented wreaths at the Freedom Wall of Stars, along with veterans from WWII. Author Richard B. Frank served as the master of ceremonies and expert historian. The U.S. Navy Ceremonial Band performed during the ceremony and presented a pre-ceremony concert.

Veterans Day Ceremony

The November 11th Veterans Day ceremony paid tribute to the more than 16 million men and women who served with the U.S. Armed Forces during WWII. The ceremony featured remarks by U.S. Maritime Administrator Paul N. Jaenichen, Sr. Mr. Jaenichen also presented a wreath at the Freedom Wall of Stars along with veterans from WWII. The U.S. Army Band Brass Quintet performed during the ceremony and presented a pre-ceremony concert.

D-Day 71st Anniversary Commemoration

The June 6th ceremony commemorated the 71 years since 160,000 allied forces landed along a 50-mile stretch of heavily-fortified French coastline to fight Nazi Germany on the beaches of Normandy, France. Elliott "Toby" Roosevelt, III, the great-grandson of President Franklin Delano Roosevelt, spoke for his famous family and read the former President's D-Day prayer. The Organization's board member Lieutenant General Claude "Mick" Kicklighter also provided remarks. As part of the ceremony, WWII and D-Day veterans placed wreaths at the Atlantic Arch of the Memorial. Honor Flight Austin (Texas), Lake County Honor Flight (Illinois), North Coast Honor Flight (California), and nearly 100 students and teachers from the Salk Middle School in Elk River, Minnesota took part in this special event. The Military District of Washington provided military support for the event, including performances by the U.S. Army Band Brass Quintet.

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION, NATURE OF ACTIVITIES, AND PROGRAM DESCRIPTIONS (continued)

Commemorative Events (continued)

Battle of the Iwo Jima 70th Anniversary Wreath Laying

The February 19th wreath laying marked the 70th Anniversary of the Battle of Iwo Jima, a five-week battle that comprised some of the fiercest and bloodiest fighting of the Pacific theater of WWII. For the commemoration, WWII veterans, the Organization's chairman, Josiah Bunting III, and others placed a wreath at the Pacific Arch of the Memorial in honor of all those who served in this historic battle and in memory of the nearly 7,000 Americans who lost their lives.

Battle of the Okinawa 70th Anniversary Wreath Laying

The April 1st wreath laying marked the 70th Anniversary of the Battle of Okinawa, the bloodiest battle of the Pacific war. For the commemoration, WWII veterans, the Organization's chairman Josiah Bunting III, and others placed a wreath at the Pacific Arch of the Memorial in honor of all those who served in this historic battle and in memory of the more than 12,000 Americans who lost their lives.

Summer Concert Series

The Organization's summer concert series at the Memorial is a program that is free and open to the public and offers performances by U.S. military bands presenting a variety of music from WWII songs to show tunes to patriotic music. Twelve concerts were presented from April to August 2015, and included concerts by the British Army's 1st Battalion Scots Guards Pipes and Drums, U.S. Army Band Pershing's Own, U.S. Army Blues, U.S. Public Health Service Band, U.S. Naval Sea Cadets Band of the West, 257<sup>th</sup> Army Band, and the Medical Musical Group.

Legacy Lecture

The Organization hosts an annual public lecture series that features preeminent historians and others speaking on the lasting significance and impact of WWII on America and the world. On November 10th, the Organization held the *3rd Annual Haydn Williams WWII Memorial Legacy Lecture* at the National Defense University's Lincoln Hall Auditorium. During the lecture, *Big Ideas for Big Challenges*, author, journalist, and broadcaster Tom Brokaw spoke on the lasting significance and impact of WWII on America and the world.

Memorial Maintenance

The Organization partners with the NPS to fund maintenance projects of the Memorial.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting following the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which is the sole source of authoritative generally accepted accounting principles in the United States of America (GAAP). Assets have been classified as unrestricted, temporarily restricted, or permanently restricted in accordance with GAAP.

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization received a determination letter from the Internal Revenue Service (IRS) that it has been granted an exemption from federal income taxes and it qualifies as a publicly supported organization under Section 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) of the IRC. Management believes the operations are consistent with the nature of their exemption granted by the IRS. There is no current liability for income taxes and no temporary differences resulting in deferred taxes as of December 31, 2015 or 2014.

The Organization is required to measure, recognize, present, and disclose in its financial statements uncertain income tax positions the Organization has taken in the tax years that remain subject to examination or expects to take on an income tax return. The Organization recognizes the tax benefits from uncertain income tax positions only if it is more likely than not the tax position will be sustained on examination by tax authorities. The Organization recorded no liability for uncertain income tax positions for any open tax years.

Cash and Cash Equivalents

For purposes of the statement of financial position, the Organization considers all money market accounts to be cash equivalents.

Contributions Receivable

Unconditional promises to give are reported at their net present realizable value. Unconditional promises to give due in subsequent years are reported at their net present realizable value, using a discount rate of 4 percent.

Contributions and Temporarily Restricted Net Assets

All contributions were received from the Organization's board members, from contributions solicited by board members, or from the public. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All contributions are considered to be available for the general programs of the Organization unless restricted by the donor or designated by the board or management.

Donated Securities

In 2015, the Organization received a donation of shares of publicly held stock into a brokerage account. The Organization records donations of securities at fair value on the date of donation. It is the policy of the Organization to liquidate the asset as soon as administratively feasible. GAAP establishes a three-level disclosure hierarchy to indicate the level of judgment used to establish fair value measurements. Level 1 includes measurements based on quoted prices in an active market for identical assets or liabilities as of the reporting date. As of December 31, 2015, the donated stock is considered a Level 1 asset because its valuation is based on quoted prices in an active market for identical assets as of the reporting date.

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains cash and investments in federally insured banks and broker-managed accounts. At December 31, 2015, the Organization had \$414,467 in cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. The Organization also holds \$1,025,068 of money market fund assets and donated securities held in a brokerage account. These assets are insured by the Securities Investor Protection Corporation (SIPC), which protects investors for up to \$500,000 including a maximum of \$250,000 for claims of cash if the brokerage firm holding the assets becomes insolvent.

As of December 31, 2015, approximately 80 percent of total revenue and support was received or pledged from one donor and approximately 79 percent of net contributions receivable was pledged by two donors.

Summarized Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by separate net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Functional Allocation of Expenses and Joint Costs

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs associated with the Organization's periodic mailings that meet the requirements for treatment as joint costs in GAAP are allocated between program services and fund-raising. The costs are allocated based on management's analysis of the nature of the mailings.

During the years ended December 31, 2015 and 2014, the Organization conducted direct mail activity that included requests for contributions as well as a program component. The cost of conducting this activity included joint costs, which are not specifically attributable to particular components of the direct mail activity (joint costs). These joint costs were allocated as follows for the years ended December 31:

|             | <u>2015</u>       | <u>2014</u>      |
|-------------|-------------------|------------------|
| Fundraising | \$ 97,116         | \$ 46,739        |
| Education   | <u>52,292</u>     | <u>22,749</u>    |
| Total       | <u>\$ 149,408</u> | <u>\$ 69,488</u> |

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Organization has evaluated subsequent events through May 6, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Promises to give as of December 31, 2015, are due as follows:

| <u>Years ending December 31,</u>          |                  |
|---|------------------|
| 2016                                      | \$ 73,146        |
| 2017                                      | <u>25,000</u>    |
| Total contributions receivable            | 98,146           |
| Less: allowance for uncollectible amounts | ( 4,000)         |
| Less: discount to present value           | <u>( 962)</u>    |
| Net contributions receivable              | 93,184           |
| Less: current portion                     | <u>( 69,146)</u> |
| Net contributions receivable - noncurrent | <u>\$ 24,038</u> |

NOTE 4 - NET ASSETS

Temporarily restricted net assets are restricted as follows as of December 31:

|   | <u>2015</u>       | <u>2014</u>       |
|---|-------------------|-------------------|
| Time restricted - pledges               | \$.....77,184     | \$.....374,634    |
| Purpose and time restricted -           |                   |                   |
| Legacy lecture                          | 37,851            | 59,283            |
| Circle of remembrance                   | -                 | 375               |
| Educational programming                 | <u>876,955</u>    | <u>-</u>          |
| Total purpose and time restricted       | <u>914,806</u>    | <u>59,658</u>     |
| Total temporarily restricted net assets | <u>\$ 991,990</u> | <u>\$ 434,292</u> |

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - NET ASSETS (continued)

Included in unrestricted net assets in the accompanying statement of financial position are board designated net assets designated for the Institutional Building Fund (IBF). The board of directors established the IBF on May 8, 2013 to commit to and invest in the Organization's future by supporting the Organization's infrastructure and to provide for its long-term sustainability. The Organization added \$26,971 and \$83,656, to the IBF in the years ended December 31, 2015 and 2014, respectively. Funds can be used through board of director review and approval. During the years ended December 31, 2015 and 2014, \$86,464 and \$120,000, respectively, of the IBF funds were transferred out of board designated net assets.

NOTE 5 - MEMORIAL PLAQUE IN PROGRESS

Included in other noncurrent assets on the statement of financial position is \$17,474 in a Memorial plaque in progress. In 2015, the Organization started the site analysis phase of a project to construct a Memorial plaque to remember President Franklin Delano Roosevelt. The plaque will be granted to the NPS once it is completed and placed in service. Therefore, no depreciation has been recorded.

FRIENDS OF THE NATIONAL WORLD WAR II MEMORIAL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 With Summarized Financial Information For the Year Ended December 31, 2014

|                                | PROGRAM SERVICES  |                         |                   |                         |                              | SUPPORTING SERVICES       |                         |                                 | 2015<br>Total<br>Expenses | 2014<br>Total<br>Expenses |
|--------------------------------|-------------------|-------------------------|-------------------|-------------------------|------------------------------|---------------------------|-------------------------|---------------------------------|---------------------------|---------------------------|
|                                | Education         | Commemorative<br>Events | Legacy<br>Lecture | Memorial<br>Maintenance | Total<br>Program<br>Expenses | Management<br>and General | Fundraising<br>Expenses | Total<br>Supporting<br>Services |                           |                           |
| Accounting fees                | \$ 20,531         | \$ 24,884               | \$ 3,692          | \$ 886                  | \$ 49,993                    | \$ 13,349                 | \$ 6,743                | \$ 20,092                       | \$ 70,085                 | \$ 55,360                 |
| Employee benefits and<br>taxes | 6,912             | 8,701                   | 1,355             | 315                     | 17,283                       | 3,163                     | 2,446                   | 5,609                           | 22,892                    | 28,251                    |
| Events and meetings            | 7,080             | 73,932                  | 1,064             | 59                      | 82,135                       | 7,152                     | 726                     | 7,878                           | 90,013                    | 59,415                    |
| Other expenses                 | 6,073             | 20,890                  | 2,012             | 231                     | 29,206                       | 9,028                     | 1,878                   | 10,906                          | 40,112                    | 39,254                    |
| Professional services          | 91,770            | 48,940                  | 701               | 194                     | 141,605                      | 1,670                     | 134,161                 | 135,831                         | 277,436                   | 255,240                   |
| Rent and utilities             | 3,731             | 4,437                   | 704               | 155                     | 9,027                        | 2,570                     | 1,257                   | 3,827                           | 12,854                    | 10,704                    |
| Salaries                       | 46,140            | 52,930                  | 9,501             | 1,228                   | 109,799                      | 22,411                    | 15,789                  | 38,200                          | 147,999                   | 191,122                   |
| Telecommunications             | <u>12,691</u>     | <u>2,346</u>            | <u>2,401</u>      | <u>48</u>               | <u>17,486</u>                | <u>2,417</u>              | <u>372</u>              | <u>2,789</u>                    | <u>20,275</u>             | <u>18,677</u>             |
| <b>TOTAL</b>                   | <u>\$ 194,928</u> | <u>\$ 237,060</u>       | <u>\$ 21,430</u>  | <u>\$ 3,116</u>         | <u>\$ 456,534</u>            | <u>\$ 61,760</u>          | <u>\$ 163,372</u>       | <u>\$ 225,132</u>               | <u>\$ 681,666</u>         | <u>\$ 658,023</u>         |

See independent auditor's report.