

**THE WORLD WAR II FOUNDATION
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

THE WORLD WAR II FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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Independent Auditor's Report

To the Board of Directors of
The World War II Foundation, Inc.
Annapolis, MD

Opinion

We have audited the accompanying financial statements of The World War II Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities and changes in net assets, 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 World War II Foundation, Inc. as of December 31, 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 World War II Foundation, Inc. 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.

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 World War II 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 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 World War II 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 The World War II 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.

Alta CPA Group, LLC

January 10, 2025

THE WORLD WAR II FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Cash and Cash Equivalents	\$ 302,407
Investments	5,769
Security Deposits	2,300
Right-of-Use Assets- Operating Leases	159,084
Property and Equipment, Net	<u>4,150,483</u>
 Total Assets	 \$ <u><u>4,620,043</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Credit Cards Payable	\$ 20,735
Line of Credit	7,276
Lease Obligation Liabilities - Operating Leases	<u>162,384</u>
 Total Liabilities	 190,395
Net Assets:	
Without Donor Restrictions	4,411,851
With Donor Restrictions	<u>17,797</u>
Total Net Assets	<u><u>4,429,648</u></u>
 Total Liabilities and Net Assets	 \$ <u><u>4,620,043</u></u>

See independent auditor's report and accompanying notes to financial statements.

THE WORLD WAR II FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Grants	\$ 699,411	\$ 639,489	\$ 1,338,900
Government Grants	11,000	-	11,000
Program Fees	82,240	-	82,240
Admissions and DVD Sales	13,936	-	13,936
Investment Income	1,830	-	1,830
Other Income	2,500	-	2,500
Net Assets Released from Restrictions	<u>621,692</u>	<u>(621,692)</u>	<u>-</u>
Total Revenue	1,432,609	17,797	1,450,406
OPERATING EXPENSES			
Program Services	1,175,668	-	1,175,668
Management and General	199,882	-	199,882
Fundraising	<u>84,958</u>	<u>-</u>	<u>84,958</u>
Total Expenses	<u>1,460,508</u>	<u>-</u>	<u>1,460,508</u>
Change in Net Assets	(27,899)	17,797	(10,102)
Net Assets at Beginning of Year	<u>4,439,750</u>	<u>-</u>	<u>4,439,750</u>
Net Assets at End of Year	<u>\$ 4,411,851</u>	<u>\$ 17,797</u>	<u>\$ 4,429,648</u>

See independent auditor's report and accompanying notes to financial statements.

THE WORLD WAR II FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Personnel Expense:				
Salaries	\$ 160,633	\$ 81,800	\$ 45,500	\$ 287,933
Employee Benefits and Payroll Taxes	<u>12,709</u>	<u>42,256</u>	<u>4,585</u>	<u>59,550</u>
Total Personnel Expense	173,342	124,056	50,085	347,483
Advertising	13,703	-	-	13,703
Bank Charges	-	2,127	-	2,127
Casual Labor	18,328	-	-	18,328
Depreciation	21,739	9,317	-	31,056
Documentary Production	446,926	-	-	446,926
Dues and Fees	1,660	593	119	2,372
Film Events	145,733	-	-	145,733
Information Technology	3,395	-	-	3,395
Insurance	6,610	2,833	-	9,443
Interest	-	2,814	-	2,814
Marketing and Promotions	3,747	-	-	3,747
Office Expenses	-	10,910	2,727	13,637
Printing and Publications	4,754	1,698	340	6,792
Professional and Consulting Fees	27,053	3,440	18,110	48,603
Rent	52,884	18,887	3,777	75,548
Supplies	5,502	1,965	393	7,860
Travel	238,959	17,194	8,597	264,750
Utilities	<u>11,333</u>	<u>4,048</u>	<u>810</u>	<u>16,191</u>
Total Expenses Included in the Operating Expenses Section on the Statement of Activities	\$ <u>1,175,668</u>	\$ <u>199,882</u>	\$ <u>84,958</u>	\$ <u>1,460,508</u>

See independent auditor's report and accompanying notes to financial statements.

THE WORLD WAR II FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (10,102)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	31,056
Unrealized (Gain)/Loss	(201)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	5,999
Operating Lease Assets and Liabilities	3,300
Credit Cards Payable	<u>20,570</u>
Net Cash Provided by Operating Activities	50,622
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>(145,195)</u>
Net Cash Used for Investing Activities	(145,195)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Line of Credit	<u>(1,104)</u>
Net Cash Used for Financing Activities	<u>(1,104)</u>
Net Change in Cash and Cash Equivalents	(95,677)
Cash and Cash Equivalents at Beginning of Year	<u>398,084</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>302,407</u></u>
Interest Paid	\$ <u><u>2,814</u></u>
Income Taxes Paid	\$ <u><u>-</u></u>
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:	
Property and Equipment Purchased with Line of Credit	\$ <u><u>8,380</u></u>

See independent auditor's report and accompanying notes to financial statements.

THE WORLD WAR II FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - NATURE OF OPERATIONS

The World War II Foundation (the Foundation) is a not-for-profit organization, incorporated on February 4, 2011. The Foundation's mission is to produce educational films and create initiatives recognizing the bravery and enormous contributions made by the men and women of the United States military during World War II so that future generations of Americans appreciate the determination and sacrifices that enable perpetuation of our basic freedoms.

The Organization is primarily supported by grants, contributions, and program fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

THE WORLD WAR II FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers cash on hand, cash in banks, and cash invested with a short-term maturity of three months or less to be cash equivalents.

Grants and Contributions Receivable

The Foundation carries its contributions receivable at net realizable value. On a periodic basis, the Foundation evaluates its receivables and establishes an allowance for doubtful accounts based on the history of collections and current credit conditions. At year-end, management has determined that no allowance for doubtful accounts is necessary.

The Foundation does not accrue interest on receivables. A receivable is considered past due if payment has not been received within stated terms. The Foundation will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for doubtful accounts.

Property and Equipment

The Foundation records property and equipment at cost if purchased or fair market value at the time of donation if donated. Asset acquisitions in excess of \$500 and with a useful life greater than one year are capitalized. Depreciation is computed using the straight line method over the useful lives of the assets, which range from five to fifteen years.

THE WORLD WAR II FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Grants and Contributions

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

Exchange Transactions

Revenue from contracts with customers primarily consists of program travel fees, admissions, and merchandise sales. Revenues are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers, and refunds.

The Foundation determines revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

Revenue Recognition (Continued)

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. The primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which the Foundation evaluates the market and estimate a price that a customer would be willing to pay for the goods and services the Foundation provides.

The Foundation's performance obligations are primarily satisfied over the course the film intern program, at the point in time of museum admissions, and at the point of purchase of merchandise. The transaction price is determined based on gross price, net of discounts or refunds.

THE WORLD WAR II FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation has elected the optional exemption to not disclose amounts where the performance obligation is part of a contract which has an original expected duration of one year or less. The Foundation expects to recognize substantially all revenue on these remaining performance obligations over the next twelve months.

Contract Balances

The timing of billings, cash collections, and revenue recognition results in accounts receivable (contract assets) and program deposits (contract liabilities) on the statements of financial position. Receivables are only recognized to the extent that it is probable that the Foundation will collect substantially all of the consideration to which it is entitled in exchange for the goods and services that will be transferred. The Foundation receives advance payments of deposits from customers before revenue is recognized, which are recorded as contract liabilities in program deposits.

All of the Foundation's contract assets are considered accounts receivable and would be included within the accounts receivable balance on the statements of financial position. All of the Foundation's contracts liabilities are considered deferred revenue and would be included within the deferred revenue balance on the statement of financial position. The Organization had no existence of contract assets or liabilities as of December 31, 2023.

Costs to Obtain a Contract

The Foundation has elected the practical expedient available in ASC 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Income Taxes

The Foundation is a not-for-profit organization classified as a 501(c)(3) organization under the Internal Revenue Code, and as such, is exempt on all but its unrelated business income. The Foundation is not classified as a private foundation by the Internal Revenue Service. Management believe that the Foundation operates in a manner consistent with its tax-exempt status at both the federal and state levels.

The Foundation's informational return filings are subject to audit by the IRS, generally for three years after filing.

THE WORLD WAR II FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

Advertising

The Foundation expenses advertising costs as they are incurred.

Subsequent Events

The Foundation evaluated subsequent events through the date that the financial statements were available to be issued. The Foundation is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to January 10, 2025 that would have a material impact on the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation will use debt when necessary to support cash flow needs.

The following represents the Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 302,407
Investments	<u>5,769</u>
Total Financial Assets Available at Year End	308,176
Amounts Unavailable for General Expenditure	
Within One Year, Due to:	
Restricted by Donor for Specific Purpose	<u>(17,797)</u>
Net Assets Available to Meet General Expenditures	
Over the Next Twelve Months	\$ <u>290,379</u>

THE WORLD WAR II FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - CASH CONCENTRATION

The Foundation maintains its cash at financial institutions in accounts insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, the Foundation had no amounts in excess of this coverage. The Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

NOTE 5 - LINE OF CREDIT

In July 2023, the Foundation purchased equipment through a line of credit totaling \$8,380 with a retailer. The line of credit requires monthly payments of any account charges and interest fees. The account bears interest at an introductory rate of 0% for twelve months then a variable rate established by the financing company. The line of credit is secured by equipment purchased by the Foundation utilizing the line of credit. The amount outstanding on the line of credit was \$7,276 at December 31, 2023.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at June 30:

Subject to Specific Purposes:	
Iwo Jima Film Making	\$ <u>17,797</u>
Total	\$ <u>17,797</u>

NOTE 7 - LEASES

The Foundation has entered into lease agreements for office space and storage facility. These leases do not contain any restrictions on the Foundation's activities concerning dividends, additional debt, or future leasing.

The Foundation has elected the short-term lease practical expedient related to leases of various rentals used for programming activities.

The Foundation has elected the practical expedient not to separate lease and nonlease components for the operating lease for its office space.

During the year ended December 31, 2023, the Foundation recognized rent expense associated with its leases as follows:

Operating Lease Cost:	
Fixed Rent Expense	\$ 68,988
Short Term Lease Expense	4,561
Variable Lease Expense	<u>2,000</u>
Total Lease Cost	\$ <u>75,549</u>

THE WORLD WAR II FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 - LEASES (CONTINUED)

During the year ended December 31, 2023, the Foundation had the following cash and non-cash activities associated with its leases:

Cash Paid for Amounts Included in the Measurement
Of Lease Liabilities:

Operating Cash Flows from Operating Leases	\$ <u>72,249</u>
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Weighted-Average Remaining Lease Term in Years for Operating Leases	2.42
Weighted-Average Discount Rate for Operating Leases	4.06%

Future minimum lease payments under the operating lease as of December 31, 2023 are as follows:

2024	\$ 72,288
2025	68,988
2026	<u>28,745</u>
Total Future Minimum Payments Due	170,021

Less Effects of Discounting	<u>(7,637)</u>
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Lease Liabilities Recognized	\$ <u>162,384</u>
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Because the Foundation does not have access to the rate implicit in the lease, the Foundation has used the Treasury bill risk-free rate as of the commencement date of the leases to determine the applicable lease discount rate.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Foundation has retained media production services from Tim Gray Media, Inc. (the Company) who has a relationship to the Foundation. The president of the Foundation is also the president and founder of the Company. During the year ended December 31, 2023, approximately \$240,500 was paid to the Company.