

AMERICAN STUDIES CENTER
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Studies Center
Arlington, Virginia

Opinion

We have audited the financial statements of American Studies Center, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Studies Center 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 (GAAS). 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 American Studies Center 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 American Studies Center'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 GAAS 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 GAAS, 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 American Studies Center'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 American Studies Center'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.



Wegner CPAs, LLP
Alexandria, Virginia
July 19, 2024

AMERICAN STUDIES CENTER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS	
CURRENT ASSETS	
Cash	\$ 4,156,981
Unconditional promises to give	14,108
Accounts receivable	983,365
Prepaid expenses	<u>48,889</u>
Total current assets	5,203,343
EQUIPMENT	
Equipment	68,943
Accumulated depreciation	<u>(26,612)</u>
Equipment, net	42,331
OTHER ASSETS	
Operating lease right-of-use asset	861,947
Investments	109,634
Security deposit	<u>24,408</u>
Total assets	<u><u>\$ 6,241,663</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 867,438
Deferred revenue	212,453
Current portion of operating lease liability	<u>392,505</u>
Total current liabilities	1,472,396
OTHER LIABILITIES	
Operating lease liability less current portion	<u>650,358</u>
Total liabilities	2,122,754
NET ASSETS	
Without donor restrictions	<u>4,118,909</u>
Total liabilities and net assets	<u><u>\$ 6,241,663</u></u>

See accompanying notes.

AMERICAN STUDIES CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

SUPPORT AND REVENUE

Contributed support	
General contributions	\$ 3,304,402
Grants	120,000
In-kind contributions	150,000
Program service revenue	
Advertising income	4,484,071
Syndication income	662,985
Annual Veterans Conference and Parade	1,226,518
Other revenue	6,894
Investment return, net	<u>126,567</u>
 Total support and revenue	 10,081,437

EXPENSES

Program Services	
Radio America	4,647,772
American Veterans Center	3,906,940
Supporting Activities	
Management and General	314,718
Fundraising	<u>1,248,421</u>
 Total expenses	 <u>10,117,851</u>

Change in net assets (36,414)

Net assets at beginning of year 4,155,323

Net assets at end of year \$ 4,118,909

See accompanying notes.

AMERICAN STUDIES CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services		Supporting Activities		Total Expenses
	Radio America	American Veterans Center	Management and General	Fundraising	
Advertising and marketing	\$ 221,724	\$ 15,260	\$ -	\$ -	\$ 236,984
Bad debt expense	-	-	170,226	-	170,226
Bank charges and interest	16,987	5,700	-	-	22,687
Conferences and events	-	1,412,697	-	-	1,412,697
Depreciation and amortization	12,965	-	-	-	12,965
Dues and subscriptions	1,924	5,249	-	-	7,173
Fringe benefits	201,244	62,618	6,059	-	269,921
Insurance	26,510	6,678	1,579	-	34,767
Network administration	123,508	10,836	82	-	134,426
Office expenses	4,615	3,439	242	-	8,296
Office supplies	1,036	5,575	528	-	7,139
Miscellaneous	25	-	168	-	193
Postage and shipping	4,503	13,331	-	-	17,834
Printing	-	1,817	-	-	1,817
Professional fees	59,434	63,884	33,337	1,155,316	1,311,971
Programming and education fees	197,270	1,149,548	-	-	1,346,818
Radio programming fees	1,650,867	-	-	-	1,650,867
Rent and utilities	257,699	98,284	21,699	-	377,682
Salaries and taxes	1,709,246	844,494	80,798	93,105	2,727,643
Studio production	123,880	24,145	-	-	148,025
Telephone	28,126	4,329	-	-	32,455
Travel	6,209	179,056	-	-	185,265
Total expenses	\$ 4,647,772	\$ 3,906,940	\$ 314,718	\$ 1,248,421	\$ 10,117,851

See accompanying notes.

AMERICAN STUDIES CENTER
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (36,414)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation and amortization	12,965
Net realized and unrealized gain on investments	(8,189)
Amortization of operating lease right-of-use asset	291,391
(Increase) decrease in assets	
Unconditional promises to give	4,668
Accounts receivable	(114,059)
Prepaid expenses	(15,073)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(143,272)
Deferred revenue	52,003
Operating lease liability	(378,369)
	<hr/>
Net cash flows from operating activities	(334,349)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of and interest and dividends retained in investments	(1,802)
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Change in cash	(336,151)
Cash at beginning of year	4,493,132
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Cash at end of year	<u><u>\$ 4,156,981</u></u>

See accompanying notes.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

American Studies Center (the Center), a nonprofit organization, was incorporated under the laws of Virginia to engage in nonpartisan analysis, study and research into the interrelationship of governmental systems, activities and policies on the private sector, and to make the results available to the general public through conferences, publications and radio and television productions.

The Center has two programs "The American Veterans Center" and "Radio America". The American Veterans Center's mission is to preserve and promote the legacy of America's military men and women, of every generation. The Center works directly with veterans to provide a forum for them to share their lessons and experiences with the public, and with future generations. Programming includes documentaries, speaker programs, its YouTube channel featuring first-hand accounts directly from veterans, its annual Veterans Conference and the National Memorial Day Parade, the nation's largest Memorial Day event. The Center houses the World War II Veterans Committee, which specifically focuses on those veterans of the Greatest Generation as well as the National Vietnam Veterans Committee, which honors the service and sacrifice of all those who served in Vietnam.

Radio America produces short features, weekly radio programs, documentaries covering a wide range of current public policy and educational issues, and a journalism intern training program. Radio America Network (RAN) is a for-profit corporation incorporated in 2023 to carry out the programs of the Center that generate commercial revenue including advertising. The Center is supported primarily by contributions and advertising revenue

Principles of Consolidation

The consolidated financial statements include the activities of the Center and RAN (hereafter collectively referred to as the Center) as the Center is the sole member of RAN. Significant intra-entity accounts and transactions, if any, have been eliminated in consolidation.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts Receivable

Accounts receivable primarily consist of advertising and syndication fees from customers. The Center uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized and realized gains and losses are included in the consolidated statement of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statement of financial position.

Equipment

The Center capitalizes all equipment acquisitions of \$1,500 and above. Equipment is recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets.

Advertising

The Center expenses advertising costs in the period the costs are incurred.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue Recognition

The Center's earned revenue consists of advertising, syndication fees, and sponsorships from the Veterans Conference and Memorial Day Parade.

Revenue from advertising is recognized when the advertising occurs on various podcasts, radio and TV shows that the Center broadcasts and streams to listeners. Revenue from syndication fees is recognized on a per episode basis when the syndicated show airs to the public.

Revenues from the Veterans Conference and Memorial Day parade (advertising and sponsorships) are recognized at a point in time or over the period of the event.

Deferred revenue represents syndication fees received in advance, as well as a sponsorship received in advance. Deferred revenue at December 31, 2023 includes \$200,000 of sponsorships conditioned on the Veterans Conference taking place in 2024.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Center does not recognize short-term leases in the consolidated statement of financial position. For these leases, the Center recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Center also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Center uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and taxes and fringe benefits, which are allocated based on estimates of time and effort.

Income Tax Status

American Studies Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to its tax-exempt purpose in the form of advertising is subject to taxation as unrelated business income. In addition, American Studies Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). RAN is treated as a corporation for federal and state income tax purposes.

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.

Date of Management's Review

Management has evaluated subsequent events through July 19, 2024, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATION OF CREDIT RISK

The Center maintains its cash balances at financial institutions located in the United States. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Center uses the Intrafi Network Deposit Program for both of its high-interest savings accounts to fully insure its savings accounts. At December 31, 2023, the Center's uninsured cash balances, which are the Center's checking accounts, totaled approximately \$3,800,000.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3—INVESTMENTS

Investments are comprised of the following:

Money market funds	\$ 2,441
Equities	<u>107,193</u>
Investments	<u><u>\$ 109,634</u></u>

Fair values of equities are valued at the closing price reported on the active market on which the equities are traded and are considered Level 1 fair value measurements.

NOTE 4—PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, the Center received a \$303,600 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On December 15, 2020, the Center received preliminary forgiveness of its PPP loan from the SBA. The Center must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Center's good-faith certification concerning the necessity of its loan request, whether the Center calculated the loan amount correctly, whether the Center used loan proceeds for the allowable uses specified in the CARES Act, and whether the Center is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Center was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 5—LIQUIDITY AND AVAILABILITY

The following table reflects the Center's financial assets as of the date of the consolidated statement of financial position.

Financial assets at end of year	
Cash	\$ 4,156,981
Unconditional promises to give	14,108
Accounts receivable	983,365
Investments	<u>109,634</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,264,088</u></u>

None of the financial assets are subject to donor-imposed restrictions that make them unavailable for general expenditure within one year of the date of the consolidated statement of financial position. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6—RETIREMENT PLAN

The Center has adopted a qualified retirement plan under Section 403(b) of the Internal Revenue Code. All full-time employees are eligible to participate in the Plan. The Plan allows for elective salary-deferral contributions and the Center contributes 3% of eligible employee compensation to the Plan. For the year ended December 31, 2023, employer contributions to the Plan totaled \$77,600.

NOTE 7—OPERATING LEASE

The Center has an operating lease for office space in Arlington, Virginia, that expires July 31, 2026. As part of the lease agreement, the Center pays its pro-rata share of common area maintenance, real estate taxes, and parking.

The components of total lease cost are as follows:

Operating lease cost	\$ 340,671
Variable lease cost	18,474
	\$ 359,145

Other information related to operating leases is as follows:

Cash paid for amounts included in the measurement of operating lease liabilities	
Operating cash flows from operating lease	\$ 395,034
Weighted average remaining lease term	2.58 years
Weighted average discount rate	1.37%

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

Year ending December 31:	
2024	\$ 403,888
2025	413,012
2026	244,083
	\$ 1,060,983
Total minimum lease payments	\$ 1,060,983
Imputed interest	(18,120)
	\$ 1,042,863

NOTE 8—IN-KIND CONTRIBUTIONS

In-kind contributions recognized within the consolidated statement of activities consist of \$150,000 of donated airline miles and are utilized to defray travel costs incurred carrying out the Center's programs. Donated airline miles are valued based on third party estimates of price per mile on the date of donation. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions.