

AMERICAN STUDIES CENTER

FINANCIAL STATEMENTS

December 31, 2021

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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 statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Studies Center as of December 31, 2021, 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

Wegner CPAs, LLP
Alexandria, Virginia
August 8, 2022

AMERICAN STUDIES CENTER
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

CURRENT ASSETS

| | |
|--------------------------------|----------------|
| Cash | \$ 2,585,230 |
| Unconditional promises to give | 6,910 |
| Accounts receivable, net | <u>940,447</u> |

Total current assets 3,532,587

LEASEHOLD IMPROVEMENTS AND EQUIPMENT

| | |
|---|------------------|
| Leasehold improvements | 152,859 |
| Equipment | 95,479 |
| Accumulated depreciation and amortization | <u>(240,239)</u> |

Leasehold improvements and equipment, net 8,099

OTHER ASSETS

| | |
|------------------|---------------|
| Security deposit | <u>24,408</u> |
|------------------|---------------|

Total assets

\$ 3,565,094

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 563,247 |
| Deferred revenue | <u>175,542</u> |

Total current liabilities 738,789

OTHER LIABILITIES

| | |
|---------------|----------------|
| Deferred rent | <u>248,336</u> |
|---------------|----------------|

Total liabilities 987,125

NET ASSETS

| | |
|----------------------------|------------------|
| Without donor restrictions | <u>2,577,969</u> |
|----------------------------|------------------|

Total liabilities and net assets

\$ 3,565,094

See accompanying notes.

AMERICAN STUDIES CENTER
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

SUPPORT AND REVENUE

| | |
|---------------------------------------|--------------|
| Contributed support | |
| General contributions | \$ 3,562,703 |
| Grants | 118,525 |
| Program service revenue | |
| Advertising income | 4,010,309 |
| Syndication income | 835,482 |
| Annual Veterans Conference and Parade | 907,309 |
| Other revenue | 45 |
| Interest income | 2,126 |
| | <hr/> |
| Total support and revenue | 9,436,499 |

EXPENSES

| | |
|--------------------------|-----------|
| Program Services | |
| Radio America | 3,754,229 |
| American Veterans Center | 3,414,290 |
| Supporting Activities | |
| Management and General | 159,248 |
| Fundraising | 1,362,805 |
| | <hr/> |
| Total expenses | 8,690,572 |

Change in net assets

745,927

Net assets at beginning of year

1,832,042

Net assets at end of year

\$ 2,577,969

See accompanying notes.

AMERICAN STUDIES CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

| | Program Services | | Supporting Activities | | Total Expenses |
|--------------------------------|---------------------|--------------------------|------------------------|---------------------|---------------------|
| | Radio America | American Veterans Center | Management and General | Fundraising | |
| Advertising and marketing | \$ 44,210 | \$ 18,193 | \$ - | \$ 936 | \$ 63,339 |
| Bad debt expense | - | - | 12,900 | - | 12,900 |
| Bank charges and interest | 11,843 | 2,039 | 25 | - | 13,907 |
| Computer and website expense | 2,179 | 100 | - | - | 2,279 |
| Conferences and events | - | 1,235,632 | - | - | 1,235,632 |
| Depreciation and amortization | 3,689 | 1,229 | - | - | 4,918 |
| Dues and subscriptions | 72 | 4,326 | - | - | 4,398 |
| Equipment and maintenance | 1,029 | 2,192 | 685 | - | 3,906 |
| Fringe benefits | 149,297 | 35,103 | 6,272 | 4,031 | 194,703 |
| Insurance | 15,849 | 4,785 | 1,861 | - | 22,495 |
| Network administration | 87,457 | 21,287 | 16 | - | 108,760 |
| Office expenses | 5,209 | 5,887 | 528 | - | 11,624 |
| Office supplies | 137 | 3,075 | 1,062 | - | 4,274 |
| Miscellaneous | - | - | 168 | - | 168 |
| Postage and shipping | 3,191 | 9,353 | - | - | 12,544 |
| Printing | - | 3,862 | - | - | 3,862 |
| Professional fees | 5,968 | 28,248 | 41,675 | 225,400 | 301,291 |
| Professional fundraising fees | - | - | - | 1,070,951 | 968,013 |
| Programming and education fees | 195,764 | 1,113,010 | - | - | 1,411,712 |
| Radio programming fees | 1,461,058 | - | - | - | 1,461,058 |
| Rent and utilities | 235,354 | 121,589 | - | - | 356,943 |
| Salaries and taxes | 1,392,740 | 770,301 | 94,048 | 61,487 | 2,318,576 |
| Studio production | 104,428 | 10,030 | - | - | 114,458 |
| Telephone | 33,874 | 3,452 | - | - | 37,326 |
| Travel | 881 | 20,597 | 8 | - | 21,486 |
| Total expenses | \$ 3,754,229 | \$ 3,414,290 | \$ 159,248 | \$ 1,362,805 | \$ 8,690,572 |

See accompanying notes.

AMERICAN STUDIES CENTER
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|----------------------------|
| Change in net assets | \$ 745,927 |
| Adjustments to reconcile change in net assets to net change in cash | |
| Depreciation and amortization | 4,918 |
| Bad debt expense | 12,900 |
| (Increase) decrease in assets | |
| Unconditional promises to give | 7,640 |
| Accounts receivable | (196,432) |
| Increase (decrease) in liabilities | |
| Accounts payable and accrued expenses | 32,426 |
| Deferred revenue | 154,492 |
| Deferred rent | 18,798 |
| Net change in cash | <u>780,669</u> |
| Cash at beginning of year | <u>1,804,561</u> |
| Cash at end of year | <u><u>\$ 2,585,230</u></u> |

See accompanying notes.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 "Radio America" and the "The American Veterans Center". Radio America produces daily and weekly radio programs and documentaries covering a wide range of current public policy and educational issues. 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 magazine American Valor Quarterly 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.

The Center is supported primarily by contributions and advertising revenue.

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. Accounts receivable are reported at the amount management expects to collect from outstanding balances. Management estimates an allowance for uncollectible accounts receivable based on current economic conditions, historical trends, and current status of individual accounts. Amounts that remain uncollectible after management has used reasonable collection efforts are written off through the allowance for doubtful accounts. As of December 31, 2021, accounts receivable are reported net of allowance for doubtful accounts of \$38,726.

Leasehold Improvements and Equipment

The Center capitalizes all leasehold improvements and equipment acquisitions of \$1,500 and above. Leasehold improvements and equipment are recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation of fixed assets is provided using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease.

Advertising

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

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2021 includes \$150,000 of sponsorships conditioned on the Veterans Conference taking place in 2022, 2023, and 2024.

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

The 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, the 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).

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 August 8, 2022, the date which the financial statements were available to be issued.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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. At times during the year, the Center's cash balances exceed the FDIC Insurance amount. Management believes the risk in these situations to be minimal.

NOTE 3—LEASE COMMITMENT

The Center has an operating lease for office space in Arlington, Virginia, that was entered into in November 2006, renewed in April 2017, and currently expires July 31, 2026. Total rent expense for the year ended December 31, 2021 was \$334,024.

Future minimum rental payments under this lease are as follows:

| | |
|------|---------------------|
| 2022 | \$ 353,729 |
| 2023 | 395,034 |
| 2024 | 403,888 |
| 2025 | 413,012 |
| 2026 | <u>244,083</u> |
| | <u>\$ 1,809,746</u> |

NOTE 4—LIQUIDITY AND AVAILABILITY

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

| | |
|---|---------------------|
| Financial assets at end of year | |
| Cash | \$ 2,585,230 |
| Unconditional promises to give | 6,910 |
| Accounts receivable, net | <u>940,447</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,532,587</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 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.

NOTE 5—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 only for elective salary-deferral contributions. No employer contributions were made to the plan during the year ended December 31, 2021.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6—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.