

AMERICAN STUDIES CENTER

FINANCIAL STATEMENTS

December 31, 2022

CONTENTS

Independent Auditor's Report	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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, 2022, 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, 2022, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, American Studies Center adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all subsequently issued clarifying ASUs and ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as of January 1, 2022. Our opinion is not modified with respect to this matter.

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
August 4, 2023

AMERICAN STUDIES CENTER
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS	
CURRENT ASSETS	
Cash	\$ 4,493,132
Unconditional promises to give	18,776
Accounts receivable	869,306
Prepaid expenses	<u>33,816</u>
Total current assets	5,415,030
LEASEHOLD IMPROVEMENTS AND EQUIPMENT	
Leasehold improvements	152,859
Equipment	146,730
Accumulated depreciation and amortization	<u>(244,293)</u>
Leasehold improvements and equipment, net	55,296
OTHER ASSETS	
Operating lease right-of-use asset	1,153,338
Investments	99,643
Security deposit	<u>24,408</u>
Total assets	<u><u>\$ 6,747,715</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 1,010,710
Deferred revenue	160,450
Current portion of operating lease liability	<u>378,369</u>
Total current liabilities	1,549,529
OTHER LIABILITIES	
Operating lease liability less current portion	<u>1,042,863</u>
Total liabilities	2,592,392
NET ASSETS	
Without donor restrictions	<u>4,155,323</u>
Total liabilities and net assets	<u><u>\$ 6,747,715</u></u>

See accompanying notes.

AMERICAN STUDIES CENTER
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

SUPPORT AND REVENUE

Contributed support	
General contributions	\$ 3,738,477
Grants	605,415
In-kind contributions	90,000
Program service revenue	
Advertising income	4,491,842
Syndication income	781,895
Annual Veterans Conference and Parade	1,260,395
Other revenue	37,079
Interest income	16,955
	<hr/>
Total support and revenue	11,022,058

EXPENSES

Program Services	
Radio America	4,271,701
American Veterans Center	3,931,478
Supporting Activities	
Management and General	134,824
Fundraising	1,106,701
	<hr/>
Total expenses	9,444,704

Change in net assets 1,577,354

Net assets at beginning of year

2,577,969

Net assets at end of year

\$ 4,155,323

See accompanying notes.

AMERICAN STUDIES CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	<u>Program Services</u>		<u>Supporting Activities</u>		<u>Total Expenses</u>
	<u>Radio America</u>	<u>American Veterans Center</u>	<u>Management and General</u>	<u>Fundraising</u>	
Advertising and marketing	\$ 151,184	\$ 1,892	\$ -	\$ 234	\$ 153,310
Bank charges and interest	7,557	3,801	25	-	11,383
Conferences and events	-	1,325,468	-	-	1,325,468
Depreciation and amortization	3,041	1,013	-	-	4,054
Dues and subscriptions	96	5,219	-	-	5,315
Fringe benefits	134,584	33,517	13,790	5,452	187,343
Insurance	21,059	8,543	2,799	-	32,401
Network administration	102,337	29,630	-	-	131,967
Office expenses	7,703	5,574	752	-	14,029
Office supplies	66	3,861	1,232	-	5,159
Miscellaneous	987	-	167	-	1,154
Postage and shipping	3,231	10,677	-	-	13,908
Printing	355	1,393	-	-	1,748
Professional fees	21,122	179,590	28,085	-	228,797
Professional fundraising fees	-	-	-	1,031,527	1,031,527
Programming and education fees	222,718	1,250,396	-	-	1,473,114
Radio programming fees	1,649,017	-	-	-	1,649,017
Rent and utilities	243,392	136,585	-	-	379,977
Salaries and taxes	1,545,173	805,369	87,974	69,488	2,508,004
Studio production	114,682	24,595	-	-	139,277
Telephone	32,078	5,170	-	-	37,248
Travel	11,319	99,185	-	-	110,504
Total expenses	\$ 4,271,701	\$ 3,931,478	\$ 134,824	\$ 1,106,701	\$ 9,444,704

See accompanying notes.

AMERICAN STUDIES CENTER
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,577,354
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation and amortization	4,054
Net realized and unrealized loss on investments	496
Amortization of operating lease right-of-use asset	340,671
(Increase) decrease in assets	
Unconditional promises to give	(11,866)
Accounts receivable	71,141
Prepaid expenses	(33,816)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	447,465
Deferred revenue	(15,092)
Operating lease liability	(321,115)

Net cash flows from operating activities 2,059,292

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of and interest and dividends retained in investments	(100,139)
Purchases of leasehold improvements and equipment	(51,251)

Net cash flows from investing activities (151,390)

Change in cash 1,907,902

Cash at beginning of year 2,585,230

Cash at end of year \$ 4,493,132

See accompanying notes.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022, management considers all accounts receivable fully collectable and thus, no allowance is recorded.

Investments

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

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. 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 statement of financial position.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 computed 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.

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

Leases

The Center does not recognize short-term leases in the 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.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Adoption of New Accounting Guidance

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, Leases, and creates FASB ASC Topic 842, Leases. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

The Center adopted the requirements of Topic 842 as of January 1, 2022, using the optional transition method that allows the Center to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption.

The Center elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed the Center to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

The adoption of Topic 842 resulted in the recognition of operating lease right-of-use assets of \$1,505,129 and operating lease liabilities of \$1,753,465 as of January 1, 2022. The adoption of Topic 842 did not have a material effect on the Center's change in net assets or cash flows.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, on September 17, 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intent of this Update is to improve transparency in the reporting of contributed nonfinancial assets (also known as in-kind contributions) received by not-for-profit entities. This Update requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. This Update also requires enhanced disclosures about the valuation of contributed nonfinancial assets and their use in programs and other activities, including any donor-imposed restrictions on such use. The Center adopted the requirements of this Update effective January 1, 2022.

Date of Management's Review

Management has evaluated subsequent events through August 4, 2023, 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. At December 31, 2022, the Center's uninsured cash balances totaled approximately \$4,070,000.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

Money market funds	\$ 498
Equities	<u>99,145</u>
Investments	<u>\$ 99,643</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.

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022.

NOTE 6—OPERATING LEASE

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. 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	<u>36,190</u>
Total lease cost	<u><u>\$ 376,861</u></u>

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	\$ 321,115
Right-of-use assets obtained in exchange for new operating lease liabilities	1,753,464
Weighted average remaining lease term	3.58 years
Weighted average discount rate	1.37%

The maturities of operating lease liabilities as of December 31, 2022 are as follows:

Year ending December 31:	
2023	\$ 395,034
2024	403,888
2025	413,012
2026	<u>244,083</u>
Total minimum lease payments	\$ 1,456,017
Imputed interest	<u>(34,785)</u>
Total lease liability	<u><u>\$ 1,421,232</u></u>

AMERICAN STUDIES CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7—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	\$ 4,493,132
Unconditional promises to give	18,776
Accounts receivable	869,306
Investments	<u>99,643</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 5,480,857</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 8—IN-KIND CONTRIBUTIONS

In-kind contributions recognized within the statement of activities consist of \$90,000 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.

NOTE 9—SUBSEQUENT EVENT

Subsequent to year-end, the Center's board of directors unanimously approved the creation of a for-profit subsidiary, Radio American Network, Inc. (RAN) in which the Center will purchase one thousand shares of RAN stock and be the sole shareholder in RAN. RAN will carry out the current activity of the Center's Radio America program and all RAN applicable assets and corresponding liabilities will be transferred to the new entity when RAN starts operations, which has not yet occurred as of August 4, 2023.