

**American Studies Center**

*For the Year Ended December 31, 2016 and 2015*

*Financial Statements  
and  
Report of Independent Accountant*

**JOHN C. WALSH & CO., P.C.**  
***CERTIFIED PUBLIC ACCOUNTANT***

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**INDEPENDENT ACCOUNTANT'S REPORT**

To the Board of Directors  
American Studies Center  
Arlington, Virginia

We have audited the accompanying financial statement of the American Studies Center (the Center), which is comprised of the statement of financial position as of December 31, 2016 and 2015 and the related statement of activities and changes in net assets and statement of cash flows for the year then ended.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 entity'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 entity'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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Studies Center as of December 31, 2016 and 2015, and the changes in its net assets and the changes in its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*John C. Walsh & Co., PC*

June 27, 2017

**American Studies Center  
Statement of Financial Position  
December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 2,547,168	\$ 2,047,418
Accounts Receivable	512,262	568,858
Prepaid Expenses and Security Deposit	24,408	24,863
Total Currents Assets	<b>3,083,838</b>	<b>2,641,139</b>
<b><u>Fixed Assets</u></b>		
Net of Accumulated Depreciation of \$384,777	83,911	132,087
<b><u>Other Assets</u></b>		
Investments	31,300	25,305
Total Other Assets	<b>31,300</b>	<b>25,305</b>
Total Assets	<b>\$ 3,199,049</b>	<b>\$ 2,798,531</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b><u>Liabilities</u></b>		
Accounts Payable and Accrued Expenses	\$ 898,895	\$ 763,324
Accrued Annual Leave	3,659	3,519
Deferred Income	220,000	-
Total Liabilities	<b>1,122,554</b>	<b>766,843</b>
<b><u>Net Assets</u></b>		
Unrestricted	2,076,495	2,031,688
Total Liabilities and Net Assets	<b>\$ 3,199,049</b>	<b>\$ 2,798,531</b>

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

**American Studies Center**  
**Statement of Activities**  
**For the Year Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenue and Other Support:</b>		
General Contributions	\$ 3,982,677	\$ 4,389,717
Advertising Income	1,435,264	1,457,342
Grants	238,838	261,142
Syndication Income	936,640	713,646
List Royalty Income	127,144	189,276
Annual Veterans Conference	348,289	299,439
National Memorial Day Parade	364,080	393,925
Investment Income	8,648	4,386
Other Income	2,697	4,803
	<u>7,444,277</u>	<u>7,713,676</u>
<b>Expenses:</b>		
Radio America	2,961,596	3,048,400
American Veterans Center	2,362,789	2,715,232
Network Administration	123,360	83,361
Management and General	197,752	143,766
Fund Raising	1,753,973	1,617,858
	<u>7,399,470</u>	<u>7,608,617</u>
<b>Change in Net Assets</b>	<b>44,807</b>	<b>105,059</b>
<b>Net Assets, Beginning of Year</b>	<u><b>2,031,688</b></u>	<u><b>1,926,629</b></u>
<b>Net Assets, End of Year</b>	<u><u><b>\$ 2,076,495</b></u></u>	<u><u><b>\$ 2,031,688</b></u></u>

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

**American Studies Center**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 44,807	\$ 105,059
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	61,562	59,089
(Increase) Decrease in		
Accounts Receivable	56,596	61,673
Prepaid Expenses	455	44,180
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	135,711	86,381
Deferred Income	220,000	
Accrued Annual Leave	-	(140)
	-	(140)
Net Cash Provided by Operating Activities	<b>519,131</b>	<b>356,242</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed Assets Additions	(13,386)	(14,492)
Investments	(5,995)	(2,657)
Net Cash (Used in) Investing Activities	<b>(19,381)</b>	<b>(17,149)</b>
Net Decrease in Cash and Cash Equivalents	499,750	339,093
Cash and Cash Equivalents, Beginning of Year	<b>2,047,418</b>	<b>1,708,325</b>
Cash and Cash Equivalents, End of Year	<b>\$ 2,547,168</b>	<b>\$ 2,047,418</b>

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

**American Studies Center**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016 and 2015**

***Note 1 - Organization***

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.

***Note 2 - Summary of Significant Accounting Policies***

***Basis of Accounting and Presentation:***

The financial records of the Center are maintained on the accrual basis of accounting. Using this method, revenues are recognized when earned, and expenses are recognized when incurred. The Center follows Statement of Financial Accounting Standards No. 117 “Financial Statements of Not-for-Profit Organizations,” issued by the Financial Accounting Standards Board. As such, the financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

***Cash Equivalents***

The Center considers all cash balances and highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

***Concentration of Risk***

Financial instruments that potentially subject the Center to concentration of credit risk consist primarily of temporary cash investments. During 2016, the Center’s cash in bank balances were maintained in operating and money market accounts and periodically exceeded federally insured limits.

**American Studies Center**  
**Notes to Financial Statements (Continued)**  
**For the Year Ended December 31, 2016 and 2015**

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***Contributions and Grants***

Contributions and grants are reported as a change in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as unrestricted.

***Allowance for Doubtful Accounts***

The Center maintains an allowance for doubtful accounts based upon management's assessment of the collectability of outstanding balances. At December 31, 2016, management believes all accounts receivable to be fully collectible and has not recorded an allowance.

***Fixed Assets and Depreciation***

Furniture, equipment and leasehold improvements are stated at cost and are depreciated using the straight-line method over a useful life of three to ten years. The Center capitalizes all furniture and equipment acquisitions and leasehold improvements in excess of \$1,500.

***Classification of Net Assets***

The Center's net assets are classified in the following categories:

- Permanently Restricted Net Assets – Those arising from contributions and other inflows of assets whose use by the Center is limited by donor-imposed stipulations that the resources must be maintained permanently by the Center.
- Temporarily Restricted Net Assets – Those arising from contributions and other inflows of assets whose use by the Center is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Center, such as usage for specific programs.
- Unrestricted Net Assets – Unrestricted net assets result from contributions and other inflows of assets whose use by the Center is not limited by donor-imposed restrictions.

***Note 3 - Income Taxes***

The Center is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code, and has been classified as other than a private foundation. The Center's unrelated business net income from advertising and syndication programs is subject to both federal and state income taxes.



**American Studies Center**  
**Notes to Financial Statements (Continued)**  
**For the Year Ended December 31, 2016 and 2015**

**Note 4 - Fixed Assets**

	Estimated Useful Life	<u>2016</u>	<u>2015</u>
Furniture and Equipment	3-10 Years	\$ 353,486	\$ 372,768
Leasehold Improvements	10 Years	152,859	152,859
		<u>506,345</u>	<u>525,627</u>
Accumulated Depreciation		<u>(422,434)</u>	<u>(393,540)</u>
Net Fixed Assets		<u>\$ 83,911</u>	<u>\$ 132,087</u>

**Note 5 - Allocation of Joint Costs**

During 2014, the Center incurred joint costs of \$2,902,193 for informational materials and activities that included fundraising appeals. Of those costs, \$1,422,074 were allocated to programming and education service costs and \$1,480,119 were allocated to fund raising costs.

Allocation of joint costs in accordance with Statement of Position 98-2 "Accounting for Costs of Activities of Not-for-Profit Organization and State and Local Government Entities that include Fund Raising" for the year ended December 31, 2016, is summarized below:

	<u>Programming and Education</u>	<u>Fundraising</u>	<u>Total</u>
Agency Fees	\$ -	\$ 276,184	\$ 276,184
Postage and Shipping	536,454	595,674	1,132,128
Printing and Publications	369,557	382,487	752,044
Fulfillment Materials	21,243	28,604	49,847
List Maintenance	94,041	93,217	187,258
Mail House	240,887	258,693	499,580
Miscellaneous	2,201	2,904	5,105
	<u>\$ 1,264,383</u>	<u>\$ 1,637,763</u>	<u>\$ 2,902,146</u>

**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 only for elective salary-deferral contributions.

**American Studies Center**  
**Notes to Financial Statements (Continued)**  
**For the Year Ended December 31, 2016 and 2015**

***Note 7 - Commitments***

The Center is obligated, as lessee, under non-cancelable operating lease for office space which was signed in November 2006. The lease term is for ten years expiring April 30, 2017. In 2016, a lease extension was signed on August 1, 2016 extending the lease term for a period of ten years with an expiration date of July 31, 2026. The minimum payments required under the lease are expensed on a pro rata basis over the term of the lease. The following is a schedule by years of future minimum rental payments required under the operating lease that have an initial or remaining non-cancellable lease term in excess of one year as of December 31, 2016.

2017		\$ 345,686
2018		353,473
2019		361,424
2020		369,576
2021 & thereafter		2,220,215
		\$ 3,650,374

***Note 8 - Fair Value Measurements***

In accordance with Statement of Financial Accounting Standards (SFAS) No. 157, SVDP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market SVDP has the ability to access.

**Level 2.** These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where values are based on quoted prices or valuation techniques that require that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded on the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended December 31, 2016:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Asset Category			
Investments	\$ 31,300	\$ -	\$ -

***Note 9 - Subsequent Events***

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through June 27, 2017, the date the financial statements were issued.

**American Studies Center  
Statement of Functional Expenses  
For the Year Ended December 31, 2016**

	<b>Programming and Education</b>					
	<b>Radio America</b>	<b>American Veterans Center</b>	<b>Network Administration</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
<b>EXPENSES</b>						
Programming	\$ 405,362	\$ -	\$ 30,476	\$ -	\$ -	\$ 435,838
Studio and Production	132,248	102	-	-	-	132,350
Advertising and Marketing	240,225	1,838	-	221	-	242,284
Fundraising	-	-	-	-	1,637,763	1,637,763
Programming and Education	582,622	681,761	-	-	-	1,264,383
Conferences and Events	5,617	750,102	-	324	-	756,043
Salaries and Taxes	1,063,488	591,761	-	104,207	55,329	1,814,785
Fringe Benefits	168,344	85,632	-	10,148	873	264,997
Computer	8,761	20,513	75,375	-	-	104,649
Office Supplies	107	5,160	183	3,183	-	8,633
Dues and Subscriptions	-	1,927	-	27	1,900	3,854
Equipment Maintenance	(44)	2,053	-	2,097	-	4,106
Office Expense	9,839	7,020	1,096	2,540	193	20,688
Postage and Shipping	326	6,876	-	4,366	48	11,616
Printing	100	4,756	-	-	-	4,856
Rent and Utilities	192,722	120,529	-	44,649	-	357,900
Travel and Entertainment	12,780	20,513	311	-	2,954	36,558
Telephone	38,254	4,086	12,081	-	-	54,421
Bank Charges and Interest	1,467	5,517	-	4,207	-	11,191
Computer and Website Expense	-	1,068	3,838	-	-	4,906
Insurance	1,454	1,797	-	10,339	-	13,590
Professional Fees	33,159	34,412	-	11,008	54,913	133,492
Depreciation	46,196	15,366	-	-	-	61,562
Bad Debt	17,963	-	-	-	-	17,963
Other General and Administrative Expense	606	-	-	436	-	1,042
<b>Total</b>	<b>\$ 2,961,596</b>	<b>\$ 2,362,789</b>	<b>\$ 123,360</b>	<b>\$ 197,752</b>	<b>\$ 1,753,973</b>	<b>\$ 7,399,470</b>

**American Studies Center  
Statement of Functional Expenses  
For the Year Ended December 31, 2015**

**Programming and Education**

	<b>Radio America</b>	<b>American Veterans Center</b>	<b>Network Administration</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
<b>EXPENSES</b>						
Programming	\$ 329,374	\$ -	\$ -	\$ -	\$ -	\$ 329,374
Studio and Production	196,214	24,217	-	-	-	220,431
Advertising and Marketing	196,664	885	-	-	-	197,549
Fundraising	-	-	-	-	1,546,290	1,546,290
Programming and Education	786,863	1,026,117	-	-	-	1,812,980
Conferences and Events	-	698,941	-	-	-	698,941
Salaries and Taxes	1,114,174	594,210	24,019	49,613	390	1,782,406
Fringe Benefits	62,460	58,706	-	5,998	70,672	197,836
Computer	1,274	12,077	44,538	-	-	57,889
Office Supplies	147	6,110	45	3,331	-	9,633
Dues and Subscriptions	-	1,258	-	-	-	1,258
Equipment Maintenance	-	2,040	-	2,040	-	4,080
Office Expense	1,603	8,720	576	3,962	-	14,861
Postage and Shipping	224	11,613	-	4,387	-	16,224
Printing	238	1,649	-	39	-	1,926
Rent and Utilities	212,070	138,323	-	59,390	-	409,783
Travel and Entertainment	6,145	14,198	866	-	431	21,640
Telephone	48,429	5,779	13,317	-	-	67,525
Bank Charges and Interest	-	8,916	-	8,514	-	17,430
Computer and Website Expense	-	2,041	-	-	-	2,041
Insurance	9,612	-	-	-	-	9,612
Professional Fees	30,435	82,521	-	5,968	75	118,999
Depreciation	45,272	13,817	-	-	-	59,089
Other General and Administrative Expense	7,202	3,094	-	524	-	10,820
<b>Total</b>	<b>\$ 3,048,400</b>	<b>\$ 2,715,232</b>	<b>\$ 83,361</b>	<b>\$ 143,766</b>	<b>\$ 1,617,858</b>	<b>\$ 7,608,617</b>