

Milwaukee County War Memorial, Inc.

Financial Statements

Year Ended December 31, 2020 with Summarized Financial
Information for the Year Ended December 31, 2019



War Memorial Center

WIPFLI

Milwaukee County War Memorial, Inc.

Year Ended December 31, 2020 with Summarized Financial Information for the Year
Ended December 31, 2019

Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	5
Statements of Functional Expenses.....	9
Statements of Cash Flows.....	10
Notes to Financial Statement.....	11

Independent Auditor's Report

Board of Trustees
Milwaukee County War Memorial, Inc.
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Milwaukee County War Memorial, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 Milwaukee County War Memorial, Inc. as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Milwaukee County War Memorial, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 23, 2020. In our opinion, the summarized comparative information, presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wipfli LLP
Milwaukee, Wisconsin

February 22, 2021

Milwaukee County War Memorial, Inc.

Statements of Financial Position

As of December 31, 2020 with Summarized Financial Information as of December 31, 2019

Assets	Operating	Building	Special Projects	2020 Total	2019 Total
Current assets:					
Cash	\$ 949,177	\$ -	\$ 682,879	\$ 1,632,056	\$ 1,631,948
Certificates of deposit	-	-	418,911	418,911	410,000
Accounts receivable	21,909	-	-	21,909	14,667
Current portion of promises to give	-	-	20,000	20,000	20,500
Grants receivable	-	-	696,268	696,268	-
Prepaid expenses	48,767	-	-	48,767	35,945
Total current assets	1,019,853	-	1,818,058	2,837,911	2,113,060
Promises to give, net of current portion	-	-	-	-	17,770
Property and equipment:					
Building in-kind	-	11,400,000	-	11,400,000	11,400,000
Building improvements	-	1,330,011	-	1,330,011	1,318,335
Furniture and equipment	54,321	227,046	-	281,367	199,744
Total property and equipment	54,321	12,957,057	-	13,011,378	12,918,079
Less - Accumulated depreciation	(51,968)	(1,565,424)	-	(1,617,392)	(1,113,678)
Property and equipment, net of accumulated depreciation	2,353	11,391,633	-	11,393,986	11,804,401
Other assets	-	84,075	-	84,075	84,075
TOTAL ASSETS	\$ 1,022,206	\$ 11,475,708	\$ 1,818,058	\$ 14,315,972	\$ 14,019,306

Milwaukee County War Memorial, Inc.

Statements of Financial Position (Continued)

As of December 31, 2020 with Summarized Financial Information as of December 31, 2019

Liabilities and Net Assets	Operating	Building	Special Projects	2020 Total	2019 Total
Current liabilities:					
Accounts payable	\$ 38,479	\$ -	\$ -	\$ 38,479	\$ 10,947
Accrued expenses	78,830	-	785,268	864,098	84,084
Current portion of deferred revenue	74,043	-	-	74,043	112,713
Grant funds received in advance	-	-	36,000	36,000	147,733
Total current liabilities	191,352	-	821,268	1,012,620	355,477
Deferred revenue, less current portion	5,000	-	-	5,000	3,000
Total liabilities	196,352	-	821,268	1,017,620	358,477
Net assets:					
Without donor restrictions:					
Undesignated	368,501	-	927,573	1,296,074	1,143,084
Designated by the Board for Operating reserve	455,000	-	-	455,000	495,000
Invested in property, equipment other assets	2,353	11,475,708	-	11,478,061	11,888,476
Total net assets without donor restrictions	825,854	11,475,708	927,573	13,229,135	13,526,560
With donor restrictions:					
Purpose restrictions:					
Operation Renew	-	-	-	-	41,544
Education program	-	-	-	-	1,000
Vietnam Veterans Memorial	-	-	15,233	15,233	14,460
Other	-	-	33,984	33,984	38,995
Time-restricted for future periods	-	-	20,000	20,000	38,270
Total net assets with donor restrictions	-	-	69,217	69,217	134,269
Total net assets	825,854	11,475,708	996,790	13,298,352	13,660,829
TOTAL LIABILITIES AND NET ASSETS	\$ 1,022,206	\$ 11,475,708	\$ 1,818,058	\$ 14,315,972	\$ 14,019,306

See accompanying notes to financial statements.

Milwaukee County War Memorial, Inc.

Statements of Activities

Year Ended December 31, 2020 with Summarized Financial Information for the Year Ended December 31, 2019

	Operating Budget	2020 % of Budget	Without Donor Restrictions				With Donor Restrictions	2020 Total	2019 Total
			Operating	Building	Special Projects	Total	Special Projects		
Revenue:									
Parking revenue	\$ 325,000	58%	\$ 187,916	\$ -	\$ -	\$ 187,916	\$ -	\$ 187,916	\$ 381,971
Hall and plaza rentals	260,000	40%	103,675	-	-	103,675	-	103,675	198,420
Meeting room rentals	14,000	35%	4,920	-	-	4,920	-	4,920	15,145
Office rentals	198,000	100%	198,624	-	-	198,624	-	198,624	202,566
Catering commissions	25,000	40%	9,994	-	-	9,994	-	9,994	30,450
Liquor commissions	14,000	39%	5,399	-	-	5,399	-	5,399	17,350
Miscellaneous revenue	65,000	125%	81,528	-	1,169	82,697	-	82,697	70,277
July 3rd revenue	75,000	0%	-	-	-	-	-	-	83,008
Interest	-	N/A	2,367	-	11,082	13,449	-	13,449	19,529
Total revenues	976,000	61%	594,423	-	12,251	606,674	-	606,674	1,018,716
Operating support:									
Donations and grants	150,000	186%	278,488	-	-	278,488	-	278,488	181,886
Tax levy	486,000	100%	486,000	-	-	486,000	-	486,000	486,000
Other federal grants	-	N/A	155,000	-	-	155,000	-	155,000	-
Gifts in-kind	18,000	287%	51,642	-	9,574	61,216	-	61,216	156,572
Total operating support	654,000	148%	971,130	-	9,574	980,704	-	980,704	824,458
Special Projects support and grants:									
Operation Renew			-	-	-	-	2,230	2,230	251,732
Education Fund			-	-	-	-	22,733	22,733	12,267
Vietnam Memorial Fund			-	-	-	-	1,918	1,918	2,026
Greenprint Milwaukee Shoreline Master Plan			-	-	-	-	785,268	785,268	-
Other funds			-	-	-	-	61,700	61,700	41,751
Total Special Projects support			-	-	-	-	873,849	873,849	307,776
Net assets released from restrictions			34,094	-	904,807	938,901	(938,901)	-	-
Total support and revenue	1,630,000	98%	1,599,647	-	926,632	2,526,279	(65,052)	2,461,227	2,150,950

Milwaukee County War Memorial, Inc.

Statements of Activities (Continued)

Year Ended December 31, 2020 with Summarized Financial Information for the Year Ended December 31, 2019

	Operating Budget	2020 % of Budget	Without Donor Restrictions				With Donor Restrictions	2020 Total	2019 Total	
			Operating	Building	Special Projects	Total	Special Projects			
Expenses:										
Personnel services:										
Salaries and wages	\$ 695,000	90%	\$ 626,137	\$ -	\$ -	\$ 626,137	\$ -	\$ 626,137	\$ 645,744	
Employee group benefits	204,000	67%	135,751	-	-	135,751	-	135,751	181,978	
Social security taxes	52,000	89%	46,082	-	-	46,082	-	46,082	47,525	
Unemployment insurance	3,000	22%	657	-	-	657	-	657	725	
Worker's compensation	10,000	78%	7,793	-	-	7,793	-	7,793	6,868	
Total personnel services	964,000	85%	816,420	-	-	816,420	-	816,420	882,840	
Professional fees:										
Ash and rubbish removal	7,500	42%	3,177	-	-	3,177	-	3,177	5,983	
Custodial fees	75,000	75%	56,259	-	-	56,259	-	56,259	70,076	
Consulting fees	10,000	92%	9,150	-	-	9,150	-	9,150	4,411	
Audit fees	12,500	94%	11,800	-	-	11,800	-	11,800	12,000	
Parking lot remote management	-	N/A	4,167	-	-	4,167	-	4,167	-	
Total professional fees	105,000	81%	84,553	-	-	84,553	-	84,553	92,470	
Advertising and promotion:										
Marketing fees	32,000	97%	30,898	-	-	30,898	-	30,898	45,221	
Advertising and photography	45,000	184%	82,941	-	-	82,941	-	82,941	43,126	
Printing and production	4,000	47%	1,887	-	-	1,887	-	1,887	155	
Total advertising and promotion	81,000	143%	115,726	-	-	115,726	-	115,726	88,502	

Milwaukee County War Memorial, Inc.

Statements of Activities (Continued)

Year Ended December 31, 2020 with Summarized Financial Information for the Year Ended December 31, 2019

	Operating Budget	2020 % of Budget	Without Donor Restrictions				With Donor Restrictions		2020 Total	2019 Total
			Operating	Building	Special Projects	Total	Special Projects	Total		
Space and utilities:										
Insurance premiums	\$ 25,000	88%	\$ 21,890	\$ -	\$ -	\$ 21,890	\$ -	\$ 21,890		23,170
Building service contracts	38,000	81%	30,718	-	-	30,718	-	30,718		29,873
Building maintenance and repairs	55,000	59%	32,459	-	-	32,459	-	32,459		33,529
Grounds maintenance and repairs	45,000	48%	21,778	-	-	21,778	-	21,778		34,885
Security monitoring fees	10,000	100%	10,000	-	-	10,000	-	10,000		10,000
Steam	93,000	73%	68,247	-	-	68,247	-	68,247		68,801
Electricity	107,000	74%	78,964	-	-	78,964	-	78,964		76,973
Gas	6,000	74%	4,416	-	-	4,416	-	4,416		3,608
Water and sewer	11,000	76%	8,380	-	-	8,380	-	8,380		11,145
Telephone	8,000	67%	5,334	-	-	5,334	-	5,334		6,514
Employee uniforms	2,000	36%	728	-	-	728	-	728		56
Household supplies	12,000	30%	3,605	-	-	3,605	-	3,605		7,414
Miscellaneous expense	15,000	158%	23,658	-	-	23,658	-	23,658		12,329
Depreciation expense	4,000	43%	1,733	538,110	-	539,843	-	539,843		530,862
New and replacement equipment	30,000	0%	-	-	-	-	-	-		-
Total space and utilities	461,000	68%	311,910	538,110	-	850,020	-	850,020		849,159
Office and administration:										
Auto allowance	500	22%	110	-	-	110	-	110		422
Meetings	8,000	41%	3,296	-	-	3,296	-	3,296		5,403
Postage	3,000	30%	907	-	-	907	-	907		1,405
Administrative expense	23,100	79%	18,349	-	-	18,349	-	18,349		21,772
Bank fees	6,000	77%	4,593	-	-	4,593	-	4,593		6,333
Total office and administration	40,600	67%	27,255	-	-	27,255	-	27,255		35,335

Milwaukee County War Memorial, Inc.

Statements of Activities (Continued)

Year Ended December 31, 2020 with Summarized Financial Information for the Year Ended December 31, 2019

	Operating Budget	2020 % of Budget	Without Donor Restrictions				With Donor Restrictions	2020 Total	2019 Total
			Operating	Building	Special Projects	Total	Special Projects		
Other activities:									
Education program expenses	\$ 15,000	167%	\$ 25,017	\$ -	\$ -	\$ 25,017	\$ -	\$ 25,017	\$ 9,423
Fundraising expense	118,400	25%	29,027	-	-	29,027	-	29,027	129,268
July 3rd event expenses	35,000	N/A	-	-	-	-	-	-	38,600
Cost of goods sold	-	N/A	3,027	-	-	3,027	-	3,027	-
Total other activities	168,400	34%	57,071	-	-	57,071	-	57,071	177,291
Special Projects:									
Miscellaneous expense			-	-	2	2	-	2	1,904
Contingency reserve			-	-	20,321	20,321	-	20,321	-
Operation Renew			-	-	-	-	-	-	17,701
Education fund			-	-	11,999	11,999	-	11,999	11,884
Vietnam Memorial fund			-	-	1,145	1,145	-	1,145	2,181
Greenprint Milwaukee Shoreline Master Plan			-	-	785,268	785,268	-	785,268	-
Other funds			-	-	53,924	53,924	-	53,924	88,883
Total Special Projects			-	-	872,659	872,659	-	872,659	122,553
Total expenses	1,820,000	78%	1,412,935	538,110	872,659	2,823,704	-	2,823,704	2,248,150
Transfers between funds			313,323	131,160	(444,483)	-	-	-	-
Change in net assets	(190,000)		500,035	(406,950)	(390,510)	(297,425)	(65,052)	(362,477)	(97,200)
Net assets at beginning			325,819	11,882,658	1,318,083	13,526,560	134,269	13,660,829	13,758,029
Net assets at end			\$ 825,854	\$11,475,708	\$ 927,573	\$13,229,135	\$ 69,217	\$13,298,352	\$13,660,829

See accompanying notes to financial statements.

Milwaukee County War Memorial, Inc.

Statements of Functional Expenses

Year Ended December 31, 2020 with Summarized Financial Information for the Year Ended December 31, 2019

	Program	Management and General	Fundraising	2020 Total	2019 Total
Salaries and wages	\$ 308,256	\$ 214,732	\$ 103,149	\$ 626,137	\$ 645,744
Employee group benefits	67,354	39,895	28,502	135,751	181,978
Payroll taxes	30,102	16,679	7,751	54,532	55,118
Consulting	-	2,625	6,916	9,541	48,372
Audit services	-	11,800	-	11,800	12,000
Legal fees	-	6,525	-	6,525	4,411
Security	10,000	-	-	10,000	10,000
Custodial fees	56,259	-	-	56,259	70,076
Education program	25,017	-	-	25,017	23,097
Advertising and photography	82,941	-	-	82,941	90,358
Marketing	45,678	1,500	4,632	51,810	72,811
Administrative expenses	13,533	3,383	10,647	27,563	30,199
Meetings and travel	3,077	331	204	3,612	6,958
Postage	907	-	1,037	1,944	6,473
Printing and production	2,461	401	6,130	8,992	40,263
Supplies	3,605	-	-	3,605	7,414
Employee uniforms	728	-	-	728	56
Bank charges	-	4,651	-	4,651	6,676
Telephone	3,343	1,412	784	5,539	6,553
Electricity	78,964	-	-	78,964	76,973
Gas	4,416	-	-	4,416	3,608
Steam	68,247	-	-	68,247	68,801
Water and sewer	8,380	-	-	8,380	11,145
Ash and rubbish removal	3,177	-	-	3,177	5,983
Insurance	19,362	2,528	-	21,890	23,170
Maintenance and repairs:					
Building	63,177	-	-	63,177	63,402
Grounds	825,827	-	-	825,827	37,054
Depreciation	539,843	-	-	539,843	530,862
Miscellaneous and event expenses	81,942	-	894	82,836	108,595
Total expenses	\$ 2,346,596	\$ 306,462	\$ 170,646	\$ 2,823,704	\$ 2,248,150

See accompanying notes to financial statements.

Milwaukee County War Memorial, Inc.

Statements of Cash Flows

Year Ended December 31, 2020 with Summarized Financial Information for the Year Ended December 31, 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (362,477)	\$ (97,200)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions designated for capital expenditures	-	(39,812)
Donations of other assets received	-	(84,075)
Depreciation expense	539,843	530,862
Loss on disposal of equipment	1,732	-
Changes in operating assets and liabilities:		
Accounts receivable	(7,242)	19,707
Promises to give	18,270	70,086
Grants receivable	(696,268)	-
Prepaid expenses	(12,822)	10,276
Accounts payable	27,532	(25,420)
Accrued expenses	780,014	(2,914)
Deferred revenue	(36,670)	16,494
Grant funds received in advance	(111,733)	47,733
Net cash provided by operating activities	140,179	445,737
Cash flows from investing activities:		
Purchases of certificates of deposit	(8,911)	-
Proceeds from certificates of deposit	-	43
Capital expenditures	(131,160)	(6,873)
Net cash used in investing activities	(140,071)	(6,830)
Cash flows from financing activities - Contributions designated for capital expenditures	-	41,544
Net increase in cash	108	480,451
Cash at beginning of year	1,631,948	1,151,497
Cash at end of year	\$ 1,632,056	\$ 1,631,948

See accompanying notes to financial statements.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Milwaukee County War Memorial, Inc. (the "War Memorial") is organized under the laws of the State of Wisconsin as a nonprofit, non-stock corporation. Through memorials and exhibits, the War Memorial honors the sacrifices made by veterans in defense of our freedom. The War Memorial is committed to honor the dead - serve the living through community events, educational programs, and supportive services provided to veterans and veteran service organizations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

The War Memorial maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Summarized Financial Information

The financial statements include certain summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the War Memorial's financial statements for the year ended December 31, 2019, from which the summarized financial information was derived.

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the War Memorial 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 governing board has designated, from net assets without donor restrictions, net assets for use in specific programs and as an operating reserve.

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 explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

Certificates of Deposit

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year that are not debt securities are considered to be other short-term investments. Certificates of deposit are carried at cost which approximates fair value.

Accounts Receivable

Accounts receivable are generally amounts due for facility and office rentals that have been earned by the War Memorial but not received at December 31, 2020. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice, or, if unspecified, are applied to the earliest unpaid invoices. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. At December 31, 2020, balances are considered fully collectible, and accordingly, no allowance for uncollectible balances has been recorded.

Promises to Give

Unconditional promises to give are reported at fair value at the date the promise is received. Conditional promises to give are reported at fair value at the date the gift is deemed unconditional. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without a purpose restriction to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

Management individually reviews all past due promises to give and estimates the portion, if any, of the balance that will not be collected. At December 31, 2020, balances are considered fully collectible, and accordingly, no allowance for uncollectible balances has been recorded.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The War Memorial uses a risk-adjusted discount rate commensurate with the risks involved based upon management's analysis of the expected cash flows from the promises to give. The amortization of the discount is recognized as contribution income over the duration of the promise.

Property and Equipment

Property and equipment is stated at cost if purchased or fair value at date of gift if donated and capitalized. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The War Memorial reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the War Memorial reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	Useful Lives
Building and building improvements	5 to 30 years
Furniture and equipment	3 to 10 years

Other Assets

Other assets consist of donated posters and artwork held for display at the War Memorial Center. The posters and artwork do not meet the definition of a collection as they are not subject to an organizational policy that requires proceeds from the sale of the posters and artwork to be reinvested in other collection items. Gifts of posters and artwork are measured at fair value at the date of donation.

Impairment of Long-Lived Assets

The War Memorial reviews long-lived assets for impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. During the year ended December 31, 2020, the War Memorial determined that no evaluations of recoverability were necessary.

Deferred Revenue

Deferred revenue consists of funds received in advance for facility and office rentals. Revenue will be recognized in future periods as earned. Amounts expected to be earned within the next year are classified as current liabilities and those expected to be earned beyond one year are classified as long-term liabilities in the accompanying statements of financial position.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Parking Revenue

Parking revenue includes single day, event, monthly, and long-term parking contracts. Single day and event parking passes can be either purchased by customers in advance or upon entering the parking lot. Monthly and long-term parking rates are established in individual contracts with payment generally due monthly in advance. The War Memorial's performance obligation is to reserve and make available parking spaces. Single day and event parking revenue is recorded at a point in time, upon providing access to the parking lot to customers. Monthly and long-term parking revenue is recognized ratably over the period for which the parking permits have been sold and based on outputs.

Hall, Plaza, and Meeting Room Rentals and Catering and Liquor Commissions

The War Memorial leases the War Memorial Center facilities for conferences, weddings, and other events under the terms of facilities rental contracts. The contracts are generally for a specific date and require a non-refundable, non-transferable deposit upon signing. Customers also agree to utilize food and beverage caterers from an approved caterer listing and the War Memorial charges a commission on all catering services based on the number of plates provided to guests. Total payment of contract costs is generally required no later than 90 days prior to the event date. If a customer cancels the event with less than 90 days prior notice, the full amount of charges, including commissions and other fees remain payable to the War Memorial. The War Memorial's performance obligation is to provide access to customers to the facilities on the date of the event. Revenue is recognized as the War Memorial provides the goods and services at the time of the event. Revenue from deposits for cancelled events is recognized at the time the War Memorial is notified of the cancellation.

Office Rentals and Miscellaneous Revenue

The War Memorial has operating lease agreements with various organizations to occupy space in the War Memorial Center Facility. The War Memorial also has operating lease agreements with outside parties that occupy non-office areas on the facility grounds. These leases are generally renewable annually. The War Memorial recognizes lease revenue ratably over the term of the lease.

July 3rd Revenue

July 3rd revenue consists of ticket sales for the City of Milwaukee's July 3rd fireworks display. Tickets to the event are sold in advance, are non-refundable, and individually priced. The War Memorial's performance obligation is to provide customers with access to the War Memorial Center facilities for viewing the fireworks display, a reserved table, and meal services. Revenue is recognized at the time of the event when the War Memorial provides the goods and services to the customer.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Donations

Donations are evaluated to determine if they contain conditions prior to recognizing revenue. Unconditional donations are recognized as revenue when cash or other assets are received. Unconditional promises to give are recognized as revenue and a receivable when the promise is received from the donor. Conditional donations are recognized as revenue when the barriers to entitlement are overcome. Assets received for which the condition has not been satisfied are recorded as deferred revenue.

Unconditional donations or conditional donations in which the barriers to entitlement have been overcome are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Tax Levy

Subject to annual approval, Milwaukee County (the "County") provides support to the War Memorial from annual tax levies. The War Memorial has determined that the County's planned support constitutes a conditional promise to give and, accordingly, recognizes the County's support as the conditions are satisfied.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Gifts In-Kind

The War Memorial has recorded in-kind contributions for services used in operations in the statements of activities in accordance with GAAP which requires only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. In-kind contributions recognized in 2020 total \$61,216, which includes services as described above in addition to donated advertising, equipment rental, flags, and poster framing.

Sales Taxes

The War Memorial records sales taxes collected from customers as a liability (excluded from revenues and expenses).

Functional Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and wages, employee benefits and payroll taxes are allocated based upon time and effort. Administrative expenses are allocated based on utilization. Telephone expense is allocated based on full-time equivalents and utilization.

Advertising

Advertising costs are expensed as incurred and totaled \$82,941 for the year ended December 31, 2020.

Income Taxes

The War Memorial is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The War Memorial is also exempt from state income taxes on related income.

The War Memorial has certain activities which are considered unrelated to their exempt purpose and, accordingly, are taxable in accordance with the Code. The War Memorial was not required to pay taxes on income related to these activities during the year ended December 31, 2020.

The War Memorial recognizes the benefit of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position assuming the taxing authority has full knowledge of all information. The War Memorial has recorded no assets or liabilities related to uncertain tax positions.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The War Memorial is evaluating the impact of the provisions of ASU No. 2016-02.

Subsequent Events

Subsequent events have been evaluated through February 22, 2021, which is the date the financial statements were available to be issued.

For a specific subsequent event, see Note 12.

Note 2: Concentration of Credit Risk

The War Memorial maintains depository relationships with an area financial institution. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. The War Memorial has not experienced any losses with these accounts and management believes the War Memorial is not exposed to any significant risk on cash.

Note 3: Contract Balances

Opening and closing balances for contract liabilities and accounts receivable arising from contracts with customers include:

<i>As of December 31,</i>	2020	2019
Contract liabilities - Deferred revenue	\$ 56,468	\$ 67,358
Accounts receivable - Contracts with customers	\$ 16,965	\$ 10,217

Contract assets arise when the War Memorial transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the War Memorial is able to invoice the customer. As of December 31, 2020 and 2019, the War Memorial did not have any contract assets. Contract liabilities represent the War Memorial's obligation to transfer goods or services to a customer when consideration has already been received from the customer, such as deferred revenue. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 4: Disaggregation of Revenues from Contracts with Customers

The following is a breakdown of the War Memorial's revenue by source:

Year Ended December 31, 2020

Revenue from contracts with customers - Recognized at a point in time:	
Parking revenue - Daily and events	\$ 47,996
Hall and plaza rentals	103,675
Meeting room rentals	4,920
Catering commissions	9,994
Liquor commissions	5,399
<hr/>	
Total revenue from contracts with customers - Recognized at a point in time	171,984
<hr/>	
Revenues from contracts with customers - Recognized over time:	
Parking revenue - Monthly and long-term	139,920
<hr/>	
Total revenue from contracts with customers	311,904
Rental income - Office rentals	198,624
Other income	96,146
<hr/>	
Total revenues	\$ 606,674

With the exception of monthly and long-term parking, the War Memorial's revenues from contracts with customers are accounted for at the point in time when control of the goods or services transfers to the customer and the War Memorial's performance obligation is satisfied. Monthly and long-term parking revenue is recognized over time as the customer simultaneously receives and consumes the benefits of parking permits issued to them by the War Memorial.

Note 5: War Memorial Center Facility Agreement

On December 18, 2017, the War Memorial, the County, and the Milwaukee Art Museum, Inc. established Lakefront Cultural Center Condominium Association (the "Association"), with each party sharing an equal controlling interest. Under the terms of the Condominium Agreement, the County approved a transfer of ownership to the War Memorial of the portions of the War Memorial Center Facility occupied by the War Memorial at that time. The value of the property received by the War Memorial was appraised at \$11,400,000. The War Memorial is prohibited from conveying or mortgaging title to the transferred property without consent of the other members of the Association. Subject to annual approval, the County will continue to support the War Memorial at \$486,000 per year through 2023 and then at a diminishing level through 2033.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 6: Greenprint Milwaukee Shoreline Master Plan

The War Memorial, in cooperation with the County, has received conditional grants from the National Fish and Wildlife Foundation, the Fund for Lake Michigan, and the Milwaukee Metropolitan Sewerage District for current and future projects focusing on renovating parking lots while incorporating pedestrian friendly pathways, bioretention, porous pavement, and native plants to manage stormwater along Milwaukee's shoreline. The total project is budgeted at \$1,546,000 with the County responsible for overseeing construction and renovations. The War Memorial is responsible for reporting on project progress and outcomes and funding future plant replacement as needed at an estimated cost of \$5,000 annually. The projects began in 2020 and are expected to be completed by June 2021.

In 2020, the War Memorial recognized project revenues and expenses of \$785,268. As of December 31, 2020, the War Memorial has recorded grants receivable and accrued expenses related to the project totaling \$696,268 and \$785,268, respectively. Grant funds received in advance as of December 31, 2020 total \$36,000 and will be recognized as support upon satisfying the conditions of the grant agreements.

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions, which have either purpose or time restrictions, are as follows as of December 31, 2020:

Restricted as to use - War Memorial Center:

Purple Heart Memorial Fund	\$	4,574
Congressional Medal of Honor Fund		586
Memorial Day Parade Fund		393
9/11 Memorial Fund		4,332
POW/MIA programs		18,530
Other		5,569

Restricted as to use - Vietnam Veterans Memorial		15,233
--	--	--------

Time-restricted for future periods - Promises to give		20,000
---	--	--------

Total net assets with donor restrictions	\$	69,217
--	----	--------

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows for the year ended December 31, 2020:

Operation Renew capital expenditures	\$	41,544
Education Program		23,733
Vietnam Veterans Memorial		1,145
Greenprint Milwaukee Shoreline Master Plan		785,268
Vet Fest and other events		66,711
Other		20,500

Net assets released from restrictions	\$	938,901
---------------------------------------	----	---------

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 8: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date comprise the following:

Cash	\$ 1,632,056
Certificates of deposit	418,911
Accounts receivable	21,909
Promises to give	20,000
<hr/>	
Total financial assets	2,092,876
Less:	
Restricted program contributions included in cash	(49,217)
<hr/>	
Total financial assets available for general expenditure	\$ 2,043,659

The War Memorial's Board of Trustees has established an operating reserve fund to provide an internal resource of funds to assist the War Memorial during periods of unexpected loss of funding, unexpected increase in expenses, or unexpected reduction in revenues. The operating reserve is funded with surplus operating funds and, from time to time, specific revenue sources as determined by the Board of Trustees. The target minimum amount to be designated as operating reserves is equal to three month's average of the highest monthly operating expenses, excluding depreciation and other non-cash expenses. Operating reserves at December 31, 2020 totaled \$455,000.

Note 9: Operating Lease

The War Memorial leases a copier under the terms of an operating lease agreement expiring in September 2024 and requiring monthly payments of \$236. Minimum lease commitments are as follows:

<i>Years Ending December 31,</i>	
<hr/>	
2021	\$ 2,833
2022	2,833
2023	2,833
2024	2,124
<hr/>	
Total minimum lease payments	\$ 10,623

Lease expense for the year ended December 31, 2020, was \$2,833.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 10: Maintenance Agreement

The War Memorial has entered into a maintenance agreement for War Memorial Center Facility elevators requiring monthly fees of \$2,211, payable quarterly through May 2023. Monthly fees are subject to adjustment based upon the service provider's effective labor rates for its union employees. The agreement is subject to an early termination fee of 50% of the remaining scheduled fees. Expenses under this agreement in 2020 totaled \$26,428.

Note 11: Retirement Plans

403(b) Plan

The War Memorial has a 403(b) plan covering all eligible employees with 2 or more years of service. The War Memorial is required to make contributions, based upon years of service, of between 5% and 11% of employee contributions to the plan. Benefit plan expense under this plan for the year ended December 31, 2020 was \$26,211.

Pension Plan - Union Employees

The War Memorial's union employees are covered by a union sponsored, collectively bargained, multi-employer pension plan. The total pension expense under this plan for the year ended December 31, 2020 was \$4,650. Under the plan, the War Memorial pays contributions monthly to a separate pension fund based upon the number of hours worked by each eligible employee into a pension fund held by the union. These contributions are determined in accordance with the provisions of negotiated labor contracts. The pension fund is under the control of the union and the War Memorial is not responsible for any shortfall in plan assets.

Note 12: Paycheck Protection Program

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small businesses cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. The War Memorial applied for and received a PPP loan of \$155,000 under this program. The War Memorial applied for full loan forgiveness and received forgiveness notification from the SBA that the loan was fully forgiven on November 17, 2020, and thus the income is recognized as other federal grants on the 2020 financial statements.

In January 2021, the SBA reopened the PPP and funded a second round of PPP loans. The War Memorial applied for and received a second PPP loan of \$155,000 under this program on January 25, 2021 that may be partially or fully forgiven based on satisfying the terms and conditions of the program. The portion of the loan that is forgiven by the SBA will be reflected as other federal grant revenue in the period in which forgiveness is granted.

Milwaukee County War Memorial, Inc.

Notes to Financial Statements

Year Ended December 31, 2020

Note 12: Paycheck Protection Program (Continued)

If the criteria are not met, payments are required on the portion of the loan that is not forgiven in accordance with the terms of the underlying note agreement. The note bears interest at 1.00% and requires monthly payments of principal and interest to begin one month after the expiration of the deferral period in equal amounts required to fully amortize the principal amount outstanding by January 25, 2026.

The War Memorial anticipates that the entire balance of the second PPP loan will be forgiven. However, as of the date of the issuance of these financial statements, the forgiveness application has not been completed, and thus no determination of forgiveness can be made. While the War Memorial believes based upon current information all or substantially all of the loan and accrued interest will be forgiven under the program, under generally accepted accounting principles, any forgiveness is not recognized until a formal forgiveness determination is made by the SBA.

Note 13: Risks and Uncertainties

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Crisis including financial markets, supply chains, businesses, and communities. Specific to the War Memorial, COVID-19 impacted various aspects of operations and financial results for the year ended December 31, 2020, including parking revenues, hall and plaza rentals, and proceeds from other programs and events. The anticipated reduced operating revenues in the current fiscal year led management to apply for assistance under the Paycheck Protection Program, as discussed in Note 12. Management believes the War Memorial is taking appropriate actions to mitigate the negative impact of COVID-19, however; the full impact of COVID-19 is unknown and cannot be reasonably estimated.

Note 14: Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 classifications. Certain amounts previously reported as deferred revenue in the statements of financial position as of December 31, 2019 have been reclassified to grant funds received in advance to conform to the 2020 presentation.