

**Pentagon Memorial Fund, Inc.**

**Financial Statements**  
and  
Independent Auditor's Report

Year Ended December 31, 2023

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## Independent Auditor's Report

**To the Board of Directors**  
**Pentagon Memorial Fund, Inc.**  
Arlington, Virginia

### **Opinion**

We have audited the accompanying financial statements of Pentagon Memorial Fund, Inc. ("the Fund"), which comprise the statement of financial position as of December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Fund 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.

### **Other Matter**

As part of our audit of the December 31, 2023 financial statements, we also audited the adjustment described in Note 1 that was applied to restate the December 31, 2022 financial statements, and is shown as an adjustment to net assets in the statement of activities. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2022 financial statements of the Fund other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2022 financial statements as a whole.

### **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 the Fund'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 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Fund'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 the Fund'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.



SNYDER COHN, PC  
North Bethesda, Maryland  
August 26, 2024

**Pentagon Memorial Fund, Inc.**

**Statement of Financial Position**

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**December 31, 2023**

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**Assets**

Cash and cash equivalents	\$ 565,189
Investments	8,958,317
Grants and contributions receivable, net	3,606,605
Prepaid expenses	6,407
Visitor education center - preconstruction phase	5,061,100
Intangible assets, net	187,787
<b>Total assets</b>	<u><u>\$ 18,385,405</u></u>

**Liabilities and net assets**

**Liabilities**

Accounts payable	\$ 256,260
Accrued expenses	40,000
<b>Total liabilities</b>	<u>296,260</u>

**Commitments**

**Net assets:**

Without donor restrictions	
Board-designated	8,958,317
Undesignated	5,524,223
Total without donor restrictions	<u>14,482,540</u>
With donor restrictions	3,606,605
Total net assets	<u>18,089,145</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 18,385,405</u></u>

**Pentagon Memorial Fund, Inc.**

**Statement of Activities**

**For the year ended December 31, 2023**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board-Designated		
<b>Operating revenue and support</b>				
Grants and contributions	\$ 58,749	\$ -	\$ -	\$ 58,749
In-kind contributions	391,744	-	-	391,744
Discounting of grants and contributions receivable	-	-	139,715	139,715
Net assets released from restrictions	1,250,000	-	(1,250,000)	-
Total operating revenue and support	1,700,493	-	(1,110,285)	590,208
<b>Expenses</b>				
Program services	1,454,134	-	-	1,454,134
Supporting services:				
Management and general	247,890	-	-	247,890
Fundraising	583,377	-	-	583,377
Total supporting services	831,267	-	-	831,267
Total expenses	2,285,401	-	-	2,285,401
<b>Change in net assets from operations</b>	(584,908)	-	(1,110,285)	(1,695,193)
<b>Non-operating activities</b>				
Interest and dividends	137	232,579	-	232,716
Realized and unrealized gain on investments	-	936,345	-	936,345
Transfers to/from undesignated funds	340,773	(340,773)	-	-
Total non-operating activities	340,910	828,151	-	1,169,061
<b>Change in net assets</b>	(243,998)	828,151	(1,110,285)	(526,132)
Net assets - beginning of year, as previously stated	10,485,111	8,130,166	-	18,615,277
Prior period adjustment	(4,716,890)	-	4,716,890	-
Net assets at beginning of year, restated	5,768,221	8,130,166	4,716,890	18,615,277
<b>Net assets - ending</b>	<u>\$ 5,524,223</u>	<u>\$ 8,958,317</u>	<u>\$ 3,606,605</u>	<u>\$ 18,089,145</u>

See Accompanying Notes

**Pentagon Memorial Fund, Inc.**

**Statement of Functional Expenses**

**For the year ended December 31, 2023**

	Program Services	Management and General	Fundraising	Total
VEC consulting fees	\$ 441,064	\$ -	\$ -	\$ 441,064
Fundraising consultants	-	-	419,379	419,379
Contributions to PRMR Fund	350,000	-	-	350,000
Payroll, benefits, and taxes	130,945	100,675	98,209	329,829
Legal	179,064	33,575	11,191	223,830
Amortization	134,906	25,295	8,432	168,633
Advocacy services	121,374	22,758	7,586	151,718
Accounting and audit fees	-	58,631	-	58,631
Marketing and communications	56,700	-	-	56,700
Website management and hosting	17,370	-	37,405	54,775
Rent and storage	13,281	2,489	830	16,600
Awareness materials	9,430	-	-	9,430
Insurance	-	3,837	-	3,837
Office expenses	-	630	-	630
Advertising	-	-	345	345
Total expenses	<u>\$ 1,454,134</u>	<u>\$ 247,890</u>	<u>\$ 583,377</u>	<u>\$ 2,285,401</u>

See Accompanying Notes

# Pentagon Memorial Fund, Inc.

## Statement of Cash Flows

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**For the year ended December 31, 2023**

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**Cash flows from operating activities:**

Change in net assets	\$ (526,132)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	168,633
Net realized and unrealized gain on investments	(936,345)
Change in present value discount on multi-year grants and contributions receivable	(139,715)
(Increase) decrease in:	
Grants and contributions receivable	1,275,000
Prepaid expenses	3,968
Increase (decrease) in:	
Accounts payable	138,647
Accrued expenses	40,000
<b>Net cash provided by operating activities</b>	<u>24,056</u>

**Cash flows from investing activities:**

Purchase of investments	(879,906)
Proceeds from sale of investments	988,100
Building preconstruction costs	(380,169)
<b>Net cash used in investing activities</b>	<u>(271,975)</u>

Net decrease in cash and cash equivalents	(247,919)
Cash and cash equivalents - beginning	<u>813,108</u>

<b>Cash and cash equivalents - ending</b>	<u><u>\$ 565,189</u></u>
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## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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**December 31, 2023**

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**Note 1: Summary of significant accounting policies:**

Pentagon Memorial Fund, Inc. (the “Fund”) was incorporated on May 21, 2003, as a not-for-profit, nonstock Virginia corporation and is qualified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). The Fund was organized by families of the victims of the terrorist attack on the Pentagon on September 11, 2001, to fund the design, construction, maintenance, and continuing educational activities associated with a lasting memorial to the 184 individuals who lost their lives at the Pentagon.

Since opening to the public on September 11, 2008, research showed that there is a unique teachable opportunity at the Pentagon Memorial to explain the events on 9/11, the significance of the Pentagon Memorial, and the historic response that continues to this day. Based on this research, the Fund has focused its efforts on education outreach through the design and construction of the 9/11 Pentagon Memorial Visitor Education Center (VEC) to complement the Pentagon Memorial.

The VEC will be a space where visitors from around the world can learn about the events of September 11, 2001, the lives lost that day, and the historic significance of the Pentagon Memorial site. The funds raised by the Fund will be used to create a self-sustaining, multi-purpose building for education, conferences, and special events. The VEC is meant to complement and enhance the visitor’s experience to the 9/11 Pentagon Memorial. The VEC will feature exhibits, conference space, children’s area, food and refreshments, general facility space, gift shop, and other areas to help visitors understand and appreciate the historic events that took place that day, connect with those who experienced them, and learn why those events are relevant today.

In 2023, the Fund received concept approval for the design and siting of the building with the Commission of Fine Arts and the National Capital Planning Commission and with the sponsorship of Arlington National Cemetery (ANC), the owner of the targeted land parcel.

Basis of accounting and presentation - The Fund’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, 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 a Board-designated endowment.

## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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December 31, 2023

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**Note 1: Summary of significant accounting policies: (continued)**

Basis of accounting and presentation (continued) -

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 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.

Cash equivalents - The Fund considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition are amounts designated by the Board of Directors for long-term purposes.

Fair value measurements - The Fund has adopted ASC 958-320, Investments in Debt & Equity Securities. Under ASC 958-320, investments in marketable 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 gains and losses are included in the change in net assets in the accompanying statements of activities.

The Fund determines the fair value of its marketable securities in accordance with the framework of ASC 820, Fair Value Measurements & Disclosures. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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**December 31, 2023**

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**Note 1: Summary of significant accounting policies: (continued)**

Fair value measurements (continued) -

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Grants and contributions receivable - Grants and contributions receivable represent unconditional receivables and are recorded at net realizable value. Grants and contributions are recognized as revenue in the period promised. Grants and contributions due in more than one year are discounted to present value based on management's estimate of the risk-adjusted rate of return, which was 4.03% at time of recognition. No allowance for doubtful receivables is recorded as management believes that all receivables are fully collectible.

Property and equipment - Property and equipment acquisitions with a cost greater than \$5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which is three years. Upon disposal of depreciable assets, the cost and related accumulated depreciation and amortization are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

Building costs consist of capitalized costs related to the planned construction of the VEC during the preconstruction phase, including professional fees, such as design and architectural services. As of December 31, 2023, construction of the VEC had not yet commenced, and capitalized building costs were not yet being depreciated.

## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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December 31, 2023

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**Note 1: Summary of significant accounting policies: (continued)**

Intangible assets - Intangible asset acquisitions with a cost greater than \$5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. The Fund capitalizes certain costs associated with the development of its website and intangible products for use at the VEC, such as videos. Amortization is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to eight years. Upon disposal of amortizable assets, the cost and related accumulated amortization are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Costs related to the planning stages of development projects, as well as ongoing operating and support costs of various intangibles, are expensed as incurred.

Revenue accounted for in accordance with contribution accounting - Grants and contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. The Fund reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Fund's programs or to a future year. When a donor 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 statements of activities as net assets released from restrictions.

The Fund receives certain promises to give, collected over multiple accounting periods, and classifies the portion receivable in future accounting periods as restricted revenue. The Fund discounts the promises to give using an appropriate discount rate over the contribution period, if material.

Conditional contributions contain a donor-imposed condition that represents a barrier that must be overcome before the Fund is entitled to the assets transferred or promised. Failure to overcome the barrier gives the donor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. Conditional contributions are recognized as revenue, either with or without donor restrictions, when donor-imposed conditions are substantially met, and any barriers are overcome. Donor restrictions are also satisfied when qualifying expenditures are incurred for the donor-specified program.

Contributed services meeting the criteria for recognition are recorded at fair market value at the time of receipt. These services consist primarily of legal, advocacy, accounting, and other professional services. The value of these donated services is included in the accompanying financial statements as both revenue and expense in the amounts of \$381,224 for the year ended December 31, 2023.

## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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**December 31, 2023**

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**Note 1: Summary of significant accounting policies: (continued)**

Revenue accounted for in accordance with contribution accounting (continued) - The Fund receives donated space for operations from an Officer of the Fund that is recorded at estimated fair market value by the Fund at the time of receipt. Total in-kind rent and facilities donations, which are included in the accompanying statement of activities and statement of functional expenses, totaled \$10,520 for the year ended December 31, 2023.

Functional allocation of expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Fund allocates the majority of its expenses utilizing a direct allocation methodology, recording expenses to their specific function based on actual time spent per natural expense category. In-kind contributed expenses are allocated across functions utilizing an estimated calculation on the basis of time and effort.

Advertising costs - The fund expenses advertising costs as incurred. Advertising costs during the year ended December 31, 2023 totaled \$345.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Measure of operations - Interest and dividends, realized and unrealized gains and losses, and investment management fees are considered non-operating activities. The Fund does not consider these items to be part of normal operating activities and, accordingly, separately identifies them in the accompanying statement of activities.

Risks and uncertainties - The Fund invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Fund's account balances and amounts reported in the statements of financial position.

## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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**December 31, 2023**

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**Note 1: Summary of significant accounting policies: (continued)**

Income taxes - The Fund accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax effect is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for uncertain tax positions. Interest and penalties, if any, are accrued as a component of general and administrative expenses when assessed. The Fund is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Similar to other tax-exempt organizations, the Fund is subject to tax on unrelated business income. Tax years prior to 2020 are no longer subject to examination by taxing authorities.

Prior period adjustment - During the year ended December 31, 2023, management determined that a grant that had been recorded in the year ending December 31, 2022, had donor-imposed restrictions and for which restrictions will be met over subsequent years. As a result, \$4,716,890 of revenue was incorrectly recognized as without donor restrictions. Net assets with and without donor restrictions as of December 31, 2022, have been adjusted as a result.

**Note 2: Liquidity and availability:**

The Fund monitors the balance of its cash and cash equivalents on hand, with a goal to maintain balances at levels sufficient to meet at least 90 days of normal operating expenses. The Fund structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Fund considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. In addition, as part of its liquidity management, the Fund invests the excess of its short-term operating needs in highly liquid securities and investments.

## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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**December 31, 2023**

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**Note 2: Liquidity and availability:** (continued)

The Fund has financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures as of December 31, as shown below:

	<u>2023</u>
Financial assets:	
Cash and cash equivalents	\$ 565,189
Endowment designated for maintenance fund	350,000
Grants and contributions receivable, net	3,606,605
Less: those unavailable for general expenditure within one year, due to amounts designated for future purpose and time restrictions	<u>(2,356,605)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,165,189</u>

**Note 3: Concentration of risk:**

Credit risk - Financial instruments that potentially subject the Fund to significant concentrations of credit risk consist primarily of cash and cash equivalents, and investments. The Fund maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Fund has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

**Note 4: Investments and fair value measurements:**

FASB ASC 820 requires financial assets and liabilities to be valued and disclosed based on the fair value hierarchy. As of December 31, 2023, all investments of the Fund were classified in the hierarchy as Level 1 investments, which are investments that have readily determinable fair value based on quoted prices for identical investments in active markets as of the reporting date.

**Pentagon Memorial Fund, Inc.**

**Notes to Financial Statements**

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**December 31, 2023**

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**Note 4: Investments and fair value measurements: (continued)**

The Fund invests in exchange-traded funds (ETFs) and mutual funds. The Fund's investment policy calls for investing in both stocks and bonds, with capital preservation being the primary focus of the policy. The investments are measured at fair value as of December 31, 2023 as shown in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 125,471	\$ -	\$ -	\$ 125,471
Fixed income funds	4,107,096	-	-	4,107,096
Equity funds	<u>4,725,750</u>	<u>-</u>	<u>-</u>	<u>4,725,750</u>
Total investments	<u>\$ 8,958,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,958,317</u>

Investment return consists of the following for the year ended December 31:

	<u>2023</u>
Interest and dividends	\$ 277,877
Investment management fees	(45,298)
Realized and unrealized gain on investments	<u>936,345</u>
Total investment return	<u>\$ 1,168,924</u>

**Note 5: Grants and contributions receivable:**

Grants and contributions receivable are promised as follows at December 31:

	<u>2023</u>
Receivable in less than one year	\$ 1,250,000
Receivable in one to four years	<u>2,500,000</u>
Total grants and contributions receivable	3,750,000
Less: present value discount on multi-year receivables	<u>(143,395)</u>
Grants and contributions receivable, net	<u>\$ 3,606,605</u>



# Pentagon Memorial Fund, Inc.

## Notes to Financial Statements

**December 31, 2023**

### Note 6: Property and equipment:

Property and equipment consist of the following December 31:

	2023
Furniture, fixtures and equipment	\$ 40,090
Less: accumulated depreciation	(40,090)
Property and equipment, net	\$ -

Building costs related to the preconstruction phase of the 9/11 VEC amounted to \$5,061,100 at December 31, 2023. As of December 31, 2023, construction of the VEC had not yet commenced, and capitalized building costs were not yet being depreciated.

### Note 7: Intangible assets:

Intangible assets consist of the following at December 31:

	2023
Website	\$ 125,000
Video	459,024
Total intangible assets	584,024
Less: accumulated amortization	(396,237)
Intangible assets, net	\$ 187,787

Amortization expense for each year of the estimated remaining lives is estimated to be as follows for the year ending December 31:

	Website	Video	Total
2024	\$ 15,625	\$ 102,005	\$ 117,630
2025	15,625	-	15,625
2026	15,625	-	15,625
2027	15,625	-	15,625
2028	14,375	-	14,375
Thereafter	8,907	-	8,907
Total amortization	\$ 85,782	\$ 102,005	\$ 187,787

## Pentagon Memorial Fund, Inc.

### Notes to Financial Statements

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**December 31, 2023**

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**Note 8: Board-designated endowment:**

During the year ended December 31, 2009, the Fund established a quasi-endowment fund without donor restrictions for the purpose of maintaining the Pentagon Memorial. Accordingly, the fund is not subject to the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act.

The investment objectives of the fund are long-term growth of capital, preservation of purchasing power, and preservation of capital. In order to achieve these objectives, a majority of the endowment funds are diversified among mutual funds and money market accounts.

The spending policy established for the fund, which is for yearly maintenance payments to the U.S. Department of Defense, is approximately 4% of the average market value of the fund over the trailing three years, with the initial value assumed to be \$9,000,000.

Composition of endowment fund and changes in endowment net assets were as follows for the year ended December 31:

	<u>2023</u>
Board-designated endowment fund, beginning	<u>\$ 8,130,166</u>
Investment return:	
Interest and dividends	277,877
Realized and unrealized gain on investments	936,345
Investment management fees	<u>(45,298)</u>
Total investment return	<u>1,168,924</u>
Transfers to/from undesignated funds	<u>(340,773)</u>
Board-designated endowment fund, ending	<u><u>\$ 8,958,317</u></u>

**Note 9: Commitments:**

Employment contract - The Fund has a signed employment agreement with the current Executive Director through June 30, 2024. Upon expiration the agreement will automatically renew for an additional one year if neither party gives a 90-day written notice of non-renewal. This agreement was automatically renewed in 2024 for an additional one year. The agreement contains terms that require payments to the Executive Director upon the occurrence of certain contractual events. The Executive Director is entitled to severance equal to six months' worth of base salary if terminated without cause.

## **Pentagon Memorial Fund, Inc.**

### **Notes to Financial Statements**

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**December 31, 2023**

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**Note 10: Retirement plan:**

The Fund maintains a SIMPLE IRA plan for its employees. The plan is available to all eligible employees, and permits employee contributions of pre-tax salary, up to limits established by law. The plan also permits a discretionary employer matching contribution up to a specified dollar amount or percentage of a participating employee's compensation, as determined by the Fund. For the year ended December 31, 2023, the retirement plan expense totaled \$4,016.

**Note 11: Subsequent events:**

Subsequent events have been evaluated through August 26, 2024, which is the date the financial statements were available to be issued.

Snyder Cohn, PC  
CPAs and Trusted Advisors  
11200 Rockville Pike, Suite 415  
North Bethesda, MD 20852  
[www.snydercohn.com](http://www.snydercohn.com)  
301-652-6700