

Wreaths Across America

**ANNUAL FINANCIAL STATEMENTS**

For the Year ended December 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Wreaths Across America

### **Opinion**

We have audited the accompanying financial statements of Wreaths Across America (a nonprofit organization), which comprise the statement of financial position for the year ended December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wreaths Across America for the year ended 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 Wreaths Across America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wreaths Across America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Wreaths Across America'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 Wreaths Across America'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.

*Brantley Hibbard & Associates*

Bangor, Maine  
February 13, 2025

**Wreaths Across America**  
**Statement of Financial Position**  
**December 31, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 7,293,369
Investments	295,015
Accounts receivable	172,424
Other receivables	1,620
Inventory	280,931
Prepaid expenses	<u>255,490</u>

Total current assets	<u>8,298,849</u>
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**PROPERTY AND EQUIPMENT**

Property and equipment	8,557,856
Accumulated depreciation	<u>(4,875,532)</u>

Total property and equipment	<u>3,682,324</u>
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Total assets	<u><u>\$ 11,981,173</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 8,480,193
Other payables	87,443
Accrued payroll	710
Deferred revenues	4,016,465
Current portion of notes payable	<u>147,417</u>

Total current liabilities	<u>12,732,228</u>
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**LONG-TERM LIABILITIES**

Notes payable, net of current portion	<u>424,150</u>
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Total liabilities	<u>13,156,378</u>
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**NET ASSETS**

Without donor restrictions (deficit)	(1,775,205)
With donor restrictions	<u>600,000</u>

Total net assets (deficits)	<u>(1,175,205)</u>
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Total liabilities and net assets	<u><u>\$ 11,981,173</u></u>
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**Wreaths Across America**  
**Statement of Activities**  
**Year Ended December 31, 2023**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Wreath sponsorships	\$ 37,841,873	\$ -	\$ 37,841,873
In-kind donations	1,326,385	-	1,326,385
Other merchandise sales	1,275,465	-	1,275,465
Contributions	344,495	995,174	1,339,669
Interest	17,213	-	17,213
Other	32,094	-	32,094
Net assets released from restrictions	570,174	(570,174)	-
	<u>41,410,199</u>	<u>425,000</u>	<u>41,835,199</u>
<b>EXPENSES</b>			
Sponsorship related costs	\$ 27,957,006	\$ -	\$ 27,957,006
Cost of goods sold - specialty wreaths and other items	1,122,165	-	1,122,165
Trucking expenses	54,230	-	54,230
Distributions to outside groups	3,405,414	-	3,405,414
In-kind expenses	1,326,385	-	1,326,385
Salaries and wages	3,303,841	-	3,303,841
Payroll taxes	272,119	-	272,119
Employee benefits	679,221	-	679,221
Travel, meetings and trade shows	491,633	-	491,633
Advertising and promotion	456,583	-	456,583
Processing and usage fees	148,466	-	148,466
Legal and accounting fees	49,871	-	49,871
Professional fees	383,624	-	383,624
Software fees	962,039	-	962,039
Office expenses	128,324	-	128,324
Printing and copying	1,504	-	1,504
Postage and mailing costs	120,474	-	120,474
Occupancy	146,076	-	146,076
Insurance	97,153	-	97,153
Cleanup of wreaths maintenance	166,012	-	166,012
Dues and subscriptions	7,447	-	7,447
Awards and donations	3,000	-	3,000
Depreciation	620,398	-	620,398
Vehicle expenses	133,250	-	133,250
Promotional and special events	374,153	-	374,153
Interest expense	53,810	-	53,810
Miscellaneous	32,490	-	32,490
	<u>42,693,228</u>	<u>-</u>	<u>42,693,228</u>
Total expenses	<u>42,693,228</u>	<u>-</u>	<u>42,693,228</u>
Change in net assets	(1,283,029)	425,000	(858,029)
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<u>(492,176)</u>	<u>175,000</u>	<u>(317,176)</u>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<u>\$ (1,775,205)</u>	<u>\$ 600,000</u>	<u>\$ (1,175,205)</u>

**Wreaths Across America**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
<b>EXPENSES</b>				
Sponsorship related costs	\$ 27,957,006	\$ -	\$ -	\$ 27,957,006
Cost of goods sold - specialty wreaths and other items	1,122,165	-	-	1,122,165
Shipping expenses	53,030	1,200	-	54,230
Distributions to outside groups	3,405,414	-	-	3,405,414
In-kind expenses	1,326,385	-	-	1,326,385
Salaries and wages	1,116,989	1,587,602	599,250	3,303,841
Payroll taxes	89,924	128,223	53,972	272,119
Employee benefits	237,727	305,650	135,844	679,221
Travel, meetings and trade shows	224,677	266,956	-	491,633
Advertising and promotion	-	228,291	228,292	456,583
Processing and usage fees	-	148,466	-	148,466
Legal fees	-	49,871	-	49,871
Professional fees	-	383,624	-	383,624
Software fees	433,274	528,765	-	962,039
Website	88,638	107,902	-	196,540
Office expenses	-	128,324	-	128,324
Printing and copying	-	1,504	-	1,504
Postage and mailing costs	22,705	97,769	-	120,474
Occupancy	-	146,076	-	146,076
Insurance	-	97,153	-	97,153
Cleanup of wreaths and trailer maintenance	166,012	-	-	166,012
Dues and registrations	-	7,447	-	7,447
Awards and donations	-	3,000	-	3,000
Depreciation	310,199	310,199	-	620,398
Vehicle expenses	44,772	88,478	-	133,250
Promotional and special events	242,794	49,006	82,353	374,153
Interest expense	-	53,810	-	53,810
Miscellaneous	5,612	26,878	-	32,490
<b>Total expenses</b>	<b>\$ 36,847,323</b>	<b>\$ 4,746,194</b>	<b>\$ 1,099,711</b>	<b>\$ 42,693,228</b>

**Wreaths Across America  
Statement of Cash Flows  
Year ended December 31, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	<u>\$ (858,029)</u>
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities	
Depreciation	620,398
(Increase) decrease in operating assets	
Accounts receivable	527,235
Dues receivable	(1,620)
Inventory	(109,298)
Prepaid expenses	(141,085)
Increase (decrease) in operating liabilities	
Accounts payable	4,131,408
Other payables	28,287
Accrued payroll payable	(53,531)
Deferred revenue	<u>169,405</u>
 Total adjustments	 <u>5,171,199</u>
 Net cash for operating activities	 <u>4,313,170</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Increase in investments	(27,265)
Capital outlay	<u>(1,186,713)</u>
 Net cash for investing activities	 <u>(1,213,978)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayments of long-term debt	<u>(176,044)</u>
 Net cash for financing activities	 <u>(176,044)</u>
 Net change in cash and cash equivalents	 2,923,148
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>4,370,221</u>
 <b>CASH AT END OF YEAR</b>	 <u><u>\$ 7,293,369</u></u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Interest paid during the year	<u><u>\$ 53,810</u></u>

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities**

Wreaths Across America was incorporated in 2007 as a nonprofit organization whose mission is to Remember, Honor, Teach, in part by coordinating wreath laying ceremonies at veteran's cemeteries and other locations in all 50 states and beyond. The Organization's expenses and operations are funded primarily through wreath sponsorships, other contributions, and fundraising. The Organization changed its year end from a June 30 fiscal year end to a calendar year end for this reporting period.

**Basis of Accounting**

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Investments**

Investments in marketable securities with readily determinable fair values and reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized when applicable. Short-term investments consist of money market accounts with original maturities of twelve months or less. Long-term investments consist of equities.

**Property and Equipment**

It is the Organization's policy to capitalize property and equipment with a useful life greater than one year. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets, which is 3-40 years.

We reviewed the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2023.

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Collections**

The Organization maintains a significant collection of items in the Organization's museum. These items include donated medals, pictures, uniforms, books, other memorabilia, and artwork. The Organization has not capitalized these items, as the value at time of donation was indeterminable.

**Financial Statement Presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**Fair Value of Financial Instruments**

The carrying amounts reflected in the accompanying balance sheets for cash and cash equivalents, accounts receivable, inventory, accounts payable and other current liabilities approximate the respective fair values due to the short maturities of those instruments.

**Inventory**

Inventory is reported at the lower of cost or market values in the statement of financial position, determined using the average cost method.

**Advertising**

The cost of advertising is expensed as incurred in the statement of activities and approximated \$456,500 for the year ended December 31, 2023.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, when applicable, the Organization considers all highly liquid investments available for current use with initial maturities of three months or less to be cash equivalents.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Wreath sponsorships received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Merchandise sales are recognized at the time of purchase.

Contributions and grants received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition (Continued)**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and recorded as promises to give on the statement of financial position. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

**Contributed Services and In-Kind Contributions**

During the year ended December 31, 2023, many individuals volunteered their time and performed a variety of tasks to assist the Organization in coordinating wreath laying ceremonies. These services do not meet the criteria for recognition as contributed services and therefore have not been recorded in the financial statements. Certain other contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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.

*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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

**Income Taxes**

The Organization is an exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been determined not to be a private foundation. Accordingly, no provision for income taxes is shown in the accompanying financial statements. The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2021, 2022, and 2023 are subject to examination by the IRS, generally for three years after they were filed.

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 2. LIQUIDITY AND AVAILABILITY**

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$7,293,369
Accounts receivable	<u>172,424</u>
	<u>\$7,465,793</u>

**NOTE 3. CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at financial institutions located in Maine. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's account balances at times exceed FDIC insured limits. At December 31, 2023 the Organization's cash balances exceeded FDIC insured limits by \$1,235,843. It has not experienced any losses in such accounts. Management believes it is not exposed to significant risk on its cash deposits.

**NOTE 4. FAIR VALUE OF INVESTMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Information related to The Organization's assets measured at fair value on a recurring basis is as follows as of December 31, 2023:

	Level I	Level II	Level III	Total	Liquidity
Investments					
Money market fund	\$ 260,441	\$ -	\$ -	\$ 260,441	Daily
U.S. equities					
Common stock	34,574	-	-	34,574	Daily
Total investments	\$ 295,015	\$ -	\$ -	\$ 295,015	

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b>Balance 12/31/22</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 12/31/23</b>
Buildings and improvements	\$ 284,298	\$ -	\$ -	\$ 284,298
Leasehold improvements	894,576	15,000	-	909,576
Vehicles	768,496	347,665	-	1,116,661
Software	4,575,194	1,145,000	-	5,270,194
Furniture and fixtures	149,217	-	-	149,217
Equipment	354,570	18,840	-	373,410
Accumulated depreciation	<u>(4,255,134)</u>	<u>(620,398)</u>	-	<u>(4,875,532)</u>
Total property and equipment, net	<u>\$2,776,217</u>	<u>\$ 906,107</u>	<u>\$ -</u>	<u>\$3,682,324</u>

**NOTE 6. LINE OF CREDIT**

The following is a summary of line of credit activity for the year ended December 31, 2023:

<b>Balance Dec. 31, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2023</b>
<u>\$ -</u>	<u>\$ 625,000</u>	<u>\$ (625,000)</u>	<u>\$ -</u>

The activity above was undertaken in order to maintain access to the Organization's line of credit and maintain cash flow because of a delay in collecting revenues.

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 7. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for the year ended December 31, 2023.

NOTES PAYABLE	Balance Dec. 31, 2022	Increases	Decreases	Balance December 31, 2023	Portion due within one year
<i>First National Bank</i>					
Note dated					
November 20, 2020, due 2045.					
Interest at 3.297% with monthly					
principal and interest payments	\$ 237,949	\$ -	\$ (3,772)	\$ 234,177	\$ 7,151
<i>GM Financial Financing</i>					
Vehicle note dated					
February 13, 2023, due 2027.					
Interest at 8.79% with monthly					
principal and interest payments	-	57,769	(11,362)	46,407	13,806
Vehicle note dated					
February 23, 2023, due 2027.					
Interest at 8.79% with monthly					
principal payments	-	57,770	(11,371)	46,399	13,797
Vehicle note dated					
February 23, 2023, due 2027.					
Interest at 8.79% with monthly					
principal payments	-	57,770	(11,353)	46,417	13,816
Vehicle note dated					
February 23, 2023, due 2027.					
Interest at 8.79% with monthly					
principal payments	-	55,491	(10,905)	44,586	13,119
Vehicle note dated					
February 23, 2023, due 2027.					
Interest at 8.79% with monthly					
principal payments	-	55,491	(10,923)	44,568	13,119
Vehicle note dated					
February 13, 2023, due 2027.					
Interest at 8.79% with monthly					
principal payments	-	55,491	(10,923)	44,568	13,119
Vehicle note dated					
December 27, 2019, due 2024.					
Interest at 7.110% with monthly					
principal payments	15,812	-	(14,548)	1,263	1,263
Vehicle note dated					
December 27, 2019, due 2024.					
Interest at 6.990% with monthly					
principal payments	9,687	-	(8,860)	827	827
Vehicle note dated					
December 27, 2019, due 2024.					
Interest at 6.990% with monthly					
principal payments	9,661	-	(8,810)	851	851
Vehicle note dated					
December 27, 2019, due 2024.					
Interest at 7.110% with monthly					
principal payments	15,807	-	(14,548)	1,259	1,259
Vehicle note dated					
December 28, 2020, due 2025.					
Interest at 5.89% with monthly					
principal payments	37,846	-	(17,597)	20,249	18,524

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 7. LONG-TERM LIABILITIES (CONTINUED)**

	Balance Dec. 31, 2022	Increases	Decreases	Balance December 31, 2023	Portion due within one year
Vehicle note dated December 28, 2020, due 2025. Interest at 5.89% with monthly principal payments	35,002	-	(16,274)	18,728	17,131
Vehicle note dated December 28, 2020, due 2025. Interest at 5.89% with monthly principal payments	35,791	-	(16,641)	19,150	17,518
<i>Ally Financial</i> Vehicle note dated December 27, 2019, due 2024. Interest at 6.990% with monthly principal payments	10,264	-	(8,147)	2,117	2,117
Total notes payable	<u>\$ 407,819</u>	<u>\$ 339,782</u>	<u>\$ (176,034)</u>	<u>\$ 571,567</u>	<u>\$ 147,417</u>

Future maturities of notes payable are as follows:

Year ended December 31	Principal	Interest	Total
2024	\$ 147,417	\$ 30,281	\$ 177,698
2025	100,028	20,964	120,992
2026	103,345	12,624	115,969
2027	16,674	6,879	23,553
2028	9,544	5,150	14,694
2029-2033	46,963	26,504	73,468
2034-2038	53,724	19,744	73,467
2039-2043	63,336	10,132	73,468
2044-2045	<u>30,536</u>	<u>727</u>	<u>31,263</u>
Total	<u>\$ 571,567</u>	<u>\$ 133,005</u>	<u>\$ 704,572</u>

**NOTE 8. FUNCTIONAL EXPENDITURES**

The cost of providing the program and supporting services have been summarized on a functional basis in the statement of activities. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and payroll taxes, which are allocated on the basis of estimates of time and effort.

The Organization's expenditures by function are as follows for the year ended December 31, 2023:

Program	\$ 36,847,323
Management and general	4,746,194
Fundraising	<u>1,099,711</u>
Total expenditures	<u>\$ 42,693,228</u>

The Organization reports their costs by nature of expense on the statement of functional expenses.

**Wreaths Across America**  
**Notes to Financial Statements**  
**December 31, 2023**

**NOTE 9. RELATED PARTY TRANSACTIONS**

During the year ending December 31, 2023 the Organization paid Worcester Resources, Inc. for wreaths, balsam products, shipping and other services. The husbands of an officer and a non-paid staff are majority owners of Worcester Resources, Inc. Total payments to Worcester Resources, Inc. during the year ended December 31, 2023 were approximately \$27,115,000 for wreaths. At December 31, 2023, \$5,598,327 was owed to Worcester Resources, Inc. for goods or services provided.

**NOTE 10. CONCENTRATIONS**

Worcester Resources, Inc., as the sole supplier of wreaths for the Organization, accounted for approximately 97% or \$27,115,000 of the sponsorship related costs for the year ended December 31, 2023. The Organization is committed to maintain the relationship disclosed with this vendor in Note 9 through the December 31, 2024 wreath laying event. The next RFP process will be performed in 2025.

Wreath sponsorships, as the major source of revenue, accounted for approximately 91% or \$37,841,873 of total revenues for the year ended December 31, 2023. The Organization has no plans to significantly diversify its revenue sources.

**NOTE 11. NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2023.

Subject to expenditure for specified purpose:

Operations	\$ 325,000
Technology	197,894
Education	<u>47,280</u>
	<u>\$ 570,174</u>

**NOTE 12. DEFICIT UNRESTRICTED NET ASSET**

The operating deficit is a result of the timing of recognition of the wreath sponsorship revenue. The deferred revenue presented on the balance sheet would normally be recognized as revenue and shown as a composition of net assets had they been treated as current donations.

**NOTE 13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 13, 2025 the date on which the financial statements were available to be issued.