



NATIONAL WASP WWII MUSEUM, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
December 31, 2023 and 2022

NATIONAL WASP WWII MUSEUM, INC.

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December 31, 2023 and 2022

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July 16, 2024

Board of Directors
National WASP WWII Museum, Inc.
Sweetwater, Texas

Independent Auditor's Report

Opinion

We have audited the financial statements of the National WASP WWII Museum, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements, collectively referred to as the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National WASP WWII Museum, Inc. (the "Museum") as of December 31, 2023 and 2022, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Museum and have fulfilled our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe 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 must evaluate whether there are conditions or events considered in the aggregate that raise substantial doubt about the Museum'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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies, the reasonableness of significant accounting estimates made by management, and 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 Museum's ability to continue as a going concern for a reasonable period.

We must 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 we identified during the audit.

Condby and Company, L.L.P.

Certified Public Accountants

NATIONAL WASP WWII MUSEUM, INC.
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	December 31,	
	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 689,997	\$ 1,183,080
Accounts receivable	4,289	14,387
Prepaid expenses and other current assets	102,157	132,534
Inventory	47,310	43,431
	843,753	1,373,432
Property, plant and equipment, net of accumulated depreciation	6,464,496	5,592,826
TOTAL ASSETS	\$ 7,308,249	\$ 6,966,258
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 46,477	\$ 132,375
Current portion of note payable	92,196	88,631
	138,673	221,006
Long-term portion of note payable	693,974	785,668
Total Liabilities	832,647	1,006,674
Net Assets:		
Without donor restrictions	6,306,432	5,685,006
With donor restrictions	169,170	274,578
Total Net Assets	6,475,602	5,959,584
TOTAL LIABILITIES AND NET ASSETS	\$ 7,308,249	\$ 6,966,258

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

NATIONAL WASP WWII MUSEUM, INC.
STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Support:			
Contributions	\$ 1,742,337	\$ 560,759	\$ 2,303,096
Other revenues	<u>11,700</u>		<u>11,700</u>
Total Support	<u>1,754,037</u>	<u>560,759</u>	<u>2,314,796</u>
Other Operating Revenues:			
Memberships	58,801		58,801
Museum store sales	87,593		87,593
Less: cost of goods sold	(44,691)		(44,691)
Special events	134,590		134,590
Less: special events costs	<u>(144,347)</u>		<u>(144,347)</u>
Total Other Operating Revenues	<u>91,946</u>	-	<u>91,946</u>
Net assets released from restriction	<u>666,167</u>	<u>(666,167)</u>	-
	666,167	(666,167)	-
Total Revenues	<u>2,512,150</u>	<u>(105,408)</u>	<u>2,406,742</u>
EXPENSES:			
Program services	912,036		912,036
General and administrative	247,662		247,662
Fundraising expenses	<u>764,436</u>		<u>764,436</u>
Total Expenses	<u>1,924,134</u>	-	<u>1,924,134</u>
Excess of Revenues Over Expenses	588,016	(105,408)	482,608
Non-Operating Revenues (Expenses):			
Interest expense	(34,272)		(34,272)
Insurance proceeds	63,466		63,466
Other Income	<u>4,216</u>		<u>4,216</u>
Total Non-Operating Expenses	<u>33,410</u>	-	<u>33,410</u>
CHANGE IN NET ASSETS	621,426	(105,408)	516,018
Net Assets at Beginning of Year	<u>5,685,006</u>	<u>274,578</u>	<u>5,959,584</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,306,432</u>	<u>\$ 169,170</u>	<u>\$ 6,475,602</u>

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

NATIONAL WASP WWII MUSEUM, INC.
STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES:			
Support:			
Contributions	\$ 1,545,486	\$ 871,978	\$ 2,417,464
Other revenues	<u>712</u>		<u>712</u>
Total Support	1,546,198	871,978	2,418,176
Other Operating Revenues:			
Memberships	83,501		83,501
Museum store sales	116,167		116,167
Less: cost of goods sold	(91,403)		(91,403)
Special events	99,964		99,964
Less: special events costs	<u>(93,355)</u>		<u>(93,355)</u>
Total Other Operating Revenues	114,874	-	114,874
Net assets released from restriction	<u>608,515</u>	<u>(608,515)</u>	<u>-</u>
	608,515	(608,515)	-
Total Revenues	<u>2,269,587</u>	<u>263,463</u>	<u>2,533,050</u>
EXPENSES:			
Program services	1,102,945		1,102,945
General and administrative	237,017		237,017
Fundraising expenses	<u>690,822</u>		<u>690,822</u>
Total Expenses	<u>2,030,784</u>	<u>-</u>	<u>2,030,784</u>
Excess of Revenues Over Expenses	238,803	263,463	502,266
Non-Operating Revenues (Expenses):			
Interest expense	(37,196)		(37,196)
Other Income	<u>605</u>		<u>605</u>
Total Non-Operating Expenses	<u>(36,591)</u>	<u>-</u>	<u>(36,591)</u>
CHANGE IN NET ASSETS	202,212	263,463	465,675
Net Assets at Beginning of Year	<u>5,482,794</u>	<u>11,115</u>	<u>5,493,909</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,685,006</u>	<u>\$ 274,578</u>	<u>\$ 5,959,584</u>

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

NATIONAL WASP WWII MUSEUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Supporting Services			Total Supporting Services	Total Program and Supporting Services
	Program Services	General and Administrative	Fund Raising		
Salaries and employee benefits	\$ 286,067	\$ 143,034	\$ 47,678	\$ 190,712	\$ 476,779
Advertising and promotions	25,112		6,278	6,278	31,390
Office expenses	32,891	3,514		3,514	36,405
Store cost of goods sold			44,691	44,691	44,691
Special events expense			144,347	144,347	144,347
Insurance	28,848	3,205		3,205	32,053
Printing and publications	64,041	8,689	278,165	286,854	350,895
Postage and shipping	67,124	9,202	302,132	311,334	378,458
Occupancy	88,358	9,818		9,818	98,176
Professional fundraising fees	14,588	1,995	69,468	71,463	86,051
Travel and meetings	34,262				34,262
Professional fees		50,322		50,322	50,322
Telephone	8,192	482	964	1,446	9,638
Depreciation	157,261	8,987		8,987	166,248
Donor gifts	11,366	1,542	53,717	55,259	66,625
Miscellaneous	93,926	6,872	6,034	12,906	106,832
Total expenses by function	912,036	247,662	953,474	1,201,136	2,113,172
Less expenses included with revenues on the statement of activities:					
Special events expense			(144,347)	(144,347)	(144,347)
Store cost of goods sold			(44,691)	(44,691)	(44,691)
Total expenses included in the expense section on the statement of activities	\$ 912,036	\$ 247,662	\$ 764,436	\$ 1,012,098	\$ 1,924,134

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

NATIONAL WASP WWII MUSEUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Supporting Services			Total Supporting Services	Total Program and Supporting Services
	Program Services	General and Administrative	Fund Raising		
Salaries and employee benefits	\$ 254,661	\$ 127,331	\$ 42,444	\$ 169,775	\$ 424,436
Advertising and promotions	10,606		2,652	2,652	13,258
Office expenses	14,567	1,361		1,361	15,928
Store cost of goods sold			91,403	91,403	91,403
Special events expense			93,355	93,355	93,355
Insurance	22,190	2,466		2,466	24,656
Printing and publications	192,017	16,097	262,718	278,815	470,832
Postage and shipping	164,710	13,864	227,802	241,666	406,376
Occupancy	73,637	8,182		8,182	81,819
Professional fundraising fees	39,285	3,221	55,936	59,157	98,442
Travel and meetings	12,413				12,413
Professional fees		44,487		44,487	44,487
Telephone	1,907	112	224	336	2,243
Information technology and computers	1,572	175		175	1,747
Depreciation	155,404	8,742		8,742	164,146
Donor gifts	68,586	5,558	96,513	102,071	170,657
Miscellaneous	91,390	5,421	2,533	7,954	99,344
Total expenses by function	1,102,945	237,017	875,580	1,112,597	2,215,542
Less expenses included with revenues on the statement of activities:					
Special events expense			(93,355)	(93,355)	(93,355)
Store cost of goods sold			(91,403)	(91,403)	(91,403)
Total expenses included in the expense section on the statement of activities	\$ 1,102,945	\$ 237,017	\$ 690,822	\$ 927,839	\$ 2,030,784

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

NATIONAL WASP WWII MUSEUM, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 516,018	\$ 465,675
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	166,248	164,146
Increase in operating assets:		
Accounts receivable	10,098	(8,773)
Inventory	(3,879)	-
Prepaid expenses and other current assets	30,377	(53,266)
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(85,898)	59,232
	632,964	627,014
CASH FLOWS FROM INVESTING ACTIVITIES:		
Insurance proceeds	63,466	-
Acquisition of property and equipment	(1,101,384)	(208,123)
	(1,037,918)	(208,123)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(88,129)	(84,673)
	(88,129)	(84,673)
Net Increase (Decrease) in Cash and Cash Equivalents	(493,083)	334,218
Cash and Cash Equivalents at Beginning of Year	1,183,080	848,862
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 689,997	\$ 1,183,080

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

NATIONAL WASP WWII MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1: STATEMENT OF ORGANIZATION AND PURPOSE

National WASP WWII Museum, Inc. (“the Museum”) is a non-profit organization formed in 2003 under the laws of the State of Texas. The Museum seeks to educate and inspire all generations with the story of the Women Air Force Service Pilots (WASP) – the first women to fly America’s military aircraft – women who forever changed the role of women in aviation.

The Museum is located at Avenger Field in Sweetwater, Texas, where many WASP were trained during World War II. The Museum hosts Homecoming each year for WASP, and the general public recognizes Women in Aviation Day and produces educational seminars. Donors are former WASP and their families throughout the United States and members of the aviation community, the military, and local citizens. The Museum is supported by a national fundraising effort and strong local support.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Museum conform to accounting principles generally accepted in the United States of America. Policies and practices which materially affect the determination of financial position are summarized as follows:

Method of Accounting

National WASP WWII Museum, Inc. uses the accrual method of accounting for support, revenues, and expenses. Revenues and support are recognized when the right to receive them occurs. Expenses are recognized when incurred.

Financial Statement Presentation

The Museum has adopted ASC 958-210, *Financial Statements of Not-for-Profit Organizations*. ASC 958-210 requires the Museum to classify its net assets based on the existence or absence of donor-imposed restrictions. These classifications of net assets are described as follows:

Net Assets Without Donor Restrictions - All resources the governing board has discretionary control over.

Net Assets With Donor Restrictions - Resources that have donor-imposed restrictions that permit the Museum to expend the assets as specified and are satisfied either by the passage of time or by actions of the Museum, and resources that include a donor-imposed restriction that stipulates resources be maintained permanently but permits the Museum to use or expand part or all of the income (or other economic benefits) derived from the donated assets.

Cash and Cash Equivalents

The Museum considers all liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

The following table provides a reconciliation of cash and cash equivalents and designated cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows for the years ended December 31,:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 498,437	\$ 388,033
Cash and cash equivalents internally designated	<u>191,560</u>	<u>795,047</u>
	<u>\$ 689,997</u>	<u>\$ 1,183,080</u>

NATIONAL WASP WWII MUSEUM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Inventory

Inventory consists of items in the Museum store and gifts to be given to donors held by third parties. These gifts are stated at the lower cost or net realizable value, determined by the first-in, first-out method.

Collections

The Museum's collections consist of artifacts of historical significance and art objects held for educational, research, scientific, and curatorial purposes. Each item is cataloged, preserved, and cared for to maintain its condition. Activities verifying its existence and assessing its condition are performed continuously, except for archived items, which are held in climate-controlled storage.

The collections, acquired through purchases and contributions since the Museum's inception, are recorded at cost if purchased and at market value if contributed. Proceeds from de-accessions or insurance recoveries are reflected as increases in the appropriate net asset classes. Collections are not depreciated.

Accounts Receivable

The Organization writes off receivables when information indicates the debtor is facing significant financial difficulty and no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The accounts receivable were \$4,289 and \$14,387 for the years ending December 31, 2023 and 2022.

Revenue Recognition for Contributions

The Museum receives contributions to support operating activities, endowments, and capital projects. These contributions and grants can be from individuals, foundations, corporations, trusts, or government agencies. The Museum records contributions receivable, net of allowances for estimated uncollectible amounts when there is sufficient evidence in verifiable documentation that an unconditional promise was received. The Museum's government grants that are non-exchange transactions are recorded once all conditions are met. Government contributions receivable are recorded in government receivables. All other contributions are recorded in contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible contributions receivable are charged to the allowance. An expense is recorded at the time the allowance is adjusted. Conditional promises to give are recognized only when the conditions they depend on are substantially met.

Revenue Recognition from Exchange Transactions

The Museum has multiple revenue streams that are accounted for as exchange transactions, including membership fees, store sales, and fundraising event income.

Due to the Museum's performance obligations related to contracts with a duration of less than one year, the Museum has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Memberships are sold at six different levels. In exchange, all members receive free entrance for one year into member events, excluding Homecoming. Members also receive variable discounts on retail purchases and event rentals based on their level of membership. Membership revenue is recognized at a point in time that is not materially different from recognizing it over time; therefore, no deferred revenue is recognized on December 31, 2023, or 2022.

NATIONAL WASP WWII MUSEUM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Store Sales

Store sales consist of merchandise relating to Museum memorabilia, collection items, and books. The sale of each item is recorded at the point of sale, the point at which the performance obligation for each item sold is met. Returns are accepted for thirty (30) days. Returns are infrequent and insubstantial to the financial statements. Store merchandise is priced as marked or labeled.

Special Events

Special events revenue occurs from renting the Museum space and a yearly fundraising event consisting of live music, food, and games. The Museum can be rented for events ranging from parties to fundraisers. A 50% deposit is required to hold a reservation, and the balance is paid within one week of the event. Revenue is recognized at a point in time.

Insurance proceeds relate to a one time event for an airplane crash and were recognized at a point in time when proceeds were received.

Property and Equipment

Property and equipment are stated at historical cost if purchased, fair value if contributed, and net of accumulated depreciation. Depreciation is calculated using the straight-line method over useful lives of ten to fifteen years for displays, furniture, and equipment and forty years for improvements. Maintenance and repairs are charged to income, whereas additions and improvements are capitalized. The cost of assets that are sold or retired and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income. The Museum does not have a policy for implying time restrictions on contributions of long-lived assets.

Tax Exempt Status

The Museum has been granted tax-exempt status by the Internal Revenue Service under Code Section 501(c)(3). Accordingly, there is no provision for Federal income tax or tax-related items.

Management evaluated the Museum's tax positions and concluded that the Museum had taken no uncertain tax positions that require adjustment to financial statements. Therefore, no adjustments have been included in the financial statements for 2023 or 2022. With few exceptions, the Museum is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for three years before the most recent tax filing.

Volunteer Services and In-Kind Revenue

The Museum records in-kind revenue and expenses for volunteer services for internal reporting purposes. The value of contributed time susceptible to objective measurement or valuation is included in the financial statements; otherwise, the value of contributed time is not reflected in the financial statements. In-kind revenue from donations of time, equipment, and other noncash items totaled \$0 and \$3,210 for the years ended December 31, 2023 and 2022, respectively. Nonfinancial assets are not considered significant in financial statements.

Advertising Costs

Advertising costs are expensed in the year they are incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. 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.

NATIONAL WASP WWII MUSEUM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Subsequent Events

The Museum has evaluated subsequent events through July 16, 2024, the date the financial statements were available to be issued.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Some items in the prior year's financial statements were reclassified to conform to the current presentation. Reclassifications did not affect prior year changes in net assets or net assets at year-end.

Recent Accounting Pronouncements

Adopted

ASU 2016-13

The Museum adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* on January 1, 2023. This standard requires the Organization to measure all expected credit losses for financial assets held at the reporting date on historical experience, current conditions, and reasonable and supportable forecasts. Adopting this standard did not have a material impact on the Museum's financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Museum's present or future financial statements.

NOTE 3: LIQUIDITY AND AVAILABILITY

The Museum strives to maintain liquid financial assets to cover 90 days of general expenditures. Financial assets above daily cash requirements are invested in money market funds.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents, and designated cash	\$ 689,997	\$ 1,183,080
Fundraising Strategies Inc. held cash included in other assets	30,533	35,821
Accounts receivable	<u>4,289</u>	<u>14,387</u>
Total financial assets	724,819	1,233,288
Less amount not available to be used within one year:		
Donor restricted net assets	<u>(169,170)</u>	<u>(274,578)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 555,649</u>	<u>\$ 958,710</u>

NATIONAL WASP WWII MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>		<u>2022</u>
Displays and artifacts	\$ 540,776	\$	530,326
Hangar improvements	5,107,760		4,948,158
Furniture and fixtures	47,561		47,561
Office machinery and equipment	43,511		41,622
Land	230,000		230,000
Construction in progress	<u>1,301,543</u>		<u>437,781</u>
	7,271,151		6,235,448
Less: accumulated depreciation	<u>(806,655)</u>		<u>(642,622)</u>
Net property and equipment	\$ <u>6,464,496</u>	\$	\$ <u>5,592,826</u>

Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$166,248 and \$164,146, respectively.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts and contributions receivable consisted of the following at December 31 and January 1:

	January 1, 2022		December 31, 2022		December 31, 2023
Balance as of:	\$ 5,253	\$	14,387	\$	<u>4,289</u>

NOTE 6: NOTE PAYABLE

Long-term debt obligations at December 31, consist of:

	<u>2023</u>		<u>2022</u>
Note payable to First Financial Bank dated December 11, 2021, secured by real property at 210 Avenger Field Rd, Sweetwater, Tx. Payable in monthly installments of \$10,128 including interest of 3.95%; maturing June 11, 2031. The interest rate is based on the Prime Rate plus 0.7% and is subject to change based on the Prime Rate no more than once every 60 months.	\$ 786,170	\$	874,299
	786,170		874,299
Less current portion	<u>(92,196)</u>		<u>(88,631)</u>
LONG-TERM PORTION	\$ <u>693,974</u>	\$	\$ <u>785,668</u>

Principal payments required for long-term debt for years ending December 31, 2024, 2025, 2026, 2027, and 2028 until maturity are \$92,196, \$95,905, \$99,762, \$103,775, and \$394,532, respectively.

NATIONAL WASP WWII MUSEUM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2023</u>	<u>2022</u>
General Expansion Project	\$ 169,170	\$ -
UC-78 Aircraft	-	30,533
AT-6 Aircraft	-	244,045
Total net assets with donor restrictions	<u>\$ 169,170</u>	<u>\$ 274,578</u>

NOTE 8: CONCENTRATIONS OF RISK

The Museum maintains cash balances at financial institutions. Each institution's accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Museum may have balances above insured limits at various times during the year.

A national fundraising campaign is undertaken annually on behalf of the Museum by a third-party fundraising firm. Contributions through this campaign for the years ended December 31, 2023 and 2022 amounted to \$1,700,019 and \$1,781,785, respectively, representing 65% and 66% of total revenues, respectively.

NOTE 9: ALLOCATION OF JOINT COSTS

The Museum conducted direct mail campaigns that included contributions requests, program and management, and general components. The costs of conducting this activity for the years ended December 31, 2023 and 2022 included joint costs totaling \$906,539 and \$1,611,238, respectively, which are not specifically attributable to components of the activity (joint costs). These joint costs were allocated as follows:

	<u>2023</u>	<u>2022</u>
Program	\$ 153,689	\$ 642,997
Fundraising	731,836	915,528
Management and general	21,014	52,713
Total joint costs	<u>\$ 906,539</u>	<u>\$ 1,611,238</u>

NOTE 10: CHARITABLE TRUST

The TSTC Foundation held endowment funds as of December 31, 2023 and 2022 totaling approximately \$63,497 and \$58,012, respectively, for the benefit of the Museum. The WASP Charlyne Creger Endowment was created in 2003 to provide annual interest to support the Museum. In accordance with ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization of Charitable Trust That Raises or Holds Contributions for Others*, contributions given directly to TSTC Foundation on behalf of the Museum are not recorded in the Museum's financial statements due to TSTC Foundation receiving variance power from the donor. Distributions from the fund are recorded as unrestricted contributions in the year they are received and are utilized for the operations of the Museum.

NATIONAL WASP WWII MUSEUM, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 11: FUNCTIONALIZED AND GRANT EXPENSES

The financial statements report certain categories of expenses attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, advertising and promotions, office expenses, insurance, printing and publication, postage and shipping, professional fundraising fees, professional fees, telephone, information technology and computers, donor gifts, and miscellaneous, which are allocated based on estimates of time and effort, or direct identification.