THE COLLINGS FOUNDATION, INC.

(A Nonprofit Corporation)

Financial Statements for the
Fiscal Year Ended November 30, 2022
and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Collings Foundation, Inc.
Hudson, Massachusetts

Opinion

We have audited the accompanying financial statements of The Collings Foundation, Inc. (a nonprofit corporation) which comprise the statement of financial position as of November 30, 2022, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Collings Foundation, Inc. as of November 30, 2022, and the changes in its net assets and its cash flows for the fiscal 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 (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 required to be independent of The Collings Foundation, Inc. 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 these 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 Collings Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 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 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 Collings Foundation, Inc.'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 Collings Foundation, Inc.'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.

Federman, Lally + Remis LLC

Certified Public Accountants
Farmington, Connecticut
October 13, 2023

THE COLLINGS FOUNDATION, Inc.
(A Nonprofit Corporation)
d/b/a American Heritage Museum

STATEMENT OF FINANCIAL POSITION
November 30, 2022

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	112,109
Investments		104,523
Prepaid expenses		31,095
Pledges receivable		100,000
Due from related party		389,504
Total current assets		737,231
NONCURRENT ASSETS:		
Collection and exhibits, net		73,572,122
Property, plant and equipment, net		16,499,400
Total noncurrent assets		90,071,522
TOTAL ASSETS	$	90,808,753

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$	371,038
Note payable, related party		100,000
Deferred revenue, current		5,846
Total current liabilities		476,884
NONCURRENT LIABILITIES:		
Deferred revenue, net of current portion and present value allowance		49,773
Total noncurrent liabilities		49,773
TOTAL LIABILITIES		526,657
NET ASSETS:		
Without donor restrictions		18,679,097
With donor restrictions		71,602,999
TOTAL NET ASSETS		90,282,096
TOTAL LIABILITIES AND NET ASSETS	$	90,808,753

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

THE COLLINGS FOUNDATION, Inc.
(A Nonprofit Corporation)
d/b/a American Heritage Museum

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended November 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:			
Contributions, cash and other financial assets	$ 275,320	$ 690,366	$ 965,686
Contributions, non-financial assets - collection items	-	15,330,000	15,330,000
Government grant revenue	-	74,225	74,225
Membership and sponsorship revenue	56,819	-	56,819
Entrance fees	479,207	-	479,207
Special events	464,975	-	464,975
Aircraft and military experiences	377,433	-	377,433
Gift shop revenues	275,400	-	275,400
Facility rentals	73,870	-	73,870
Dividend and investment loss, net	(101,200)	-	(101,200)
TOTAL REVENUE	1,901,824	16,094,591	17,996,415
CONTRIBUTIONS RELEASED FROM RESTRICTIONS	535,491	(535,491)	-
EXPENSES:			
Functional expenses:			
Program	2,636,759	-	2,636,759
Fundraising	173,662	-	173,662
General and administration	531,535	-	531,535
TOTAL EXPENSES	3,341,956	-	3,341,956
OPERATING SURPLUS (DEFICIT)	(904,641)	15,559,100	14,654,459
NON-OPERATING ACTIVITIES:			
Employee retention credit income	80,882	-	80,882
Asset impairment	(760,005)	-	(760,005)
TOTAL NON-OPERATING ACTIVITIES	(679,123)	-	(679,123)
INCREASE (DECREASE) IN NET ASSETS	(1,583,764)	15,559,100	13,975,336
NET ASSETS - beginning of fiscal year	20,262,861	56,043,899	76,306,760
NET ASSETS - end of fiscal year	$ 18,679,097	$ 71,602,999	$ 90,282,096

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

THE COLLINGS FOUNDATION, Inc.
(A Nonprofit Corporation)
d/b/a American Heritage Museum

STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended November 30, 2022

	Program						
	Exhibits & Museum Programs	Special Events & Military Experiences	Retail	Total Program Expenses	Fundraising	General and Administration	Total
Payroll and benefits	$ 242,398	$ 219,654	$ 39,579	$ 501,631	$ 85,506	$ 243,902	$ 831,039
Collection and exhibit maintenance and transportation	443,106	-	-	443,106	-	-	443,106
Services, consulting and professional fees	150,659	-	-	150,659	114	149,069	299,842
Special event costs	380	164,398	-	164,778	-	-	164,778
Merchandise	-	-	161,654	161,654	-	-	161,654
Equipment and supplies	62,160	-	-	62,160	-	7,729	69,889
Occupancy	159,343	113,346	2,248	274,937	1,751	32,879	309,567
Depreciation and amortization	403,934	112,868	4,275	521,077	-	37,813	558,890
Printing, publication and advertising	98,010	98,010	-	196,020	12,823	-	208,843
Insurance	12,929	12,929	-	25,858	-	325	26,183
Travel and entertainment	30,703	15,351	-	46,054	12,627	15,351	74,032
Vehicle maintenance, parts and fuel	26,787	15,076	-	41,863	-	-	41,863
Credit card and bank service fees	16,639	16,253	13,201	46,093	1,451	8,444	55,988
Office expenses	-	869	-	869	568	36,023	37,460
Scholarships, sponsorships and contributions	-	-	-	-	58,822	-	58,822
	$ 1,647,048	$ 768,754	$ 220,957	$ 2,636,759	$ 173,662	$ 531,535	$ 3,341,956

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

THE COLLINGS FOUNDATION, Inc.
(A Nonprofit Corporation)
d/b/a American Heritage Museum

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended November 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$	13,975,336
Adjustments to reconcile increase in net assets		
to net cash provided by operations:		
Donations of nonfinancial assets		(15,330,000)
Depreciation and amortization		558,890
Allowance for present value of pledges receivable		(14,390)
Asset impairment		760,005
Loss on deaccession of collection items		208,851
Realized and unrealized loss on investments, net		(109,577)
Changes in assets and liabilities:		
Prepaid expense and deposits		(31,095)
Pledges receivable		100,000
Due from related party		(362,754)
Accounts payable and accrued expenses		261,602
Deferred revenue		55,619
NET CASH PROVIDED BY OPERATING ACTIVITIES		72,487
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(64,135)
Purchase and restoration of collection and exhibits		(1,140,669)
Sale of investments		460,694
Interest and dividends reinvested in investments		5,298
NET CASH USED BY INVESTING ACTIVITIES		(738,812)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable related party		(200,000)
NET CASH USED BY FINANCING ACTIVITIES		(200,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(866,325)
CASH AND CASH EQUIVALENTS - beginning of fiscal year		978,434
CASH AND CASH EQUIVALENTS - end of fiscal year	$	112,109

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Collings Foundation, Inc., doing business as the American Heritage Museum (the Foundation or Museum), commenced operations in May 2019 as a nonprofit corporation whose mission is to engage, educate, entertain and enlighten its audiences in the history of the United States' military and veterans through a chronologically arranged series of exhibits, educational interpretations and living history events. The museum is housed in a facility in Hudson, Massachusetts and was conceived when The Collings Foundation, a related organization, was selected to receive a large collection of tanks, armored vehicles and military artifacts from The Military Vehicle Technology Foundation. The Museum focuses on America's conflicts, beginning with the Revolutionary War through today.

Basis of Accounting and Use of Accounting Estimates

The accompanying financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

The preparation of the accompanying financial statements in conformity with 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.

Net Asset Accounting

Museum resources are classified and reported in the accompanying financial statements as separate classes of net assets in accordance with donor-imposed restrictions as follows:

Net assets without donor restrictions - Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for the Museum to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by the Museum's Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

Net assets with donor restrictions - Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. The Museum's net assets with donor restrictions are subject to donor-imposed restrictions that require the Museum to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Revenue Recognition

The Museum recognizes revenue for entrance fees, memberships, special events, tank and military experiences, and retail sales based on the satisfaction of performance obligations. Performance obligations are determined based on the service provided by the Museum. The following explains the performance obligations related to each revenue stream and how those are recognized. The revenue streams below do not include significant financing components. In addition, there are no consideration amounts that are variable.

Contributions, cash and other financial assets: Contributions of cash and other financial assets are recognized in the period in which the contribution is received or pledged unconditionally. Conditional pledges are not recognized as revenue until the conditions on which they depend are met.

Contributions, non-financial assets - collection items: Contributions of non-financial assets generally include collection items and are recorded at estimated fair market value at the date of the donation based upon the value that would be received for selling the items in their principal market considering their condition and utility for use or display at the time the items are donated. Donors arrange for third-party valuations for the Museum to value these assets. The assets are generally restricted as to use and may not be monetized or sold by the museum without donor consent.

Membership revenues: The Museum receives revenue from membership fees. Memberships are offered for either a specified period of time, typically one year, with revenues recognized ratably over the term of the membership, or for the member's lifetime, which are recognized ratably over the average estimated life expectancy of the members. Revenue related to future periods is classified as deferred revenue on the accompanying statement of financial position.

Entrance fees, special events, tank and military experiences and gift shop revenues: Revenue from museum entrance fees, special events, tank and military experiences and gift shop sales is recognized on the date of the visit, event, experience or sale. Payment is collected at the time of purchase or reservation.

Donated services and in-kind contributions: The Museum recognizes contributions of materials and services (in-kind donations) at their estimated fair value at the date of donation. There were no non-collection contributed materials and services for the fiscal year ended November 30, 2022.

Revenues were concentrated for the fiscal year ended November 30, 2022 because two noncash donations accounted for 84% of total operating revenues. The donations include a Focke-Wulf 190 Fighter aircraft with an estimated value of $12 million and a Nieuport 28 fighter aircraft with an estimated value of $3 million.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the cash and cash equivalents line on the accompanying financial statements include cash on hand and short-term cash equivalents maturing within 90 days.

Concentrations of Credit Risk

Financial instruments which potentially subject the Museum to concentrations of credit risk consist of cash and cash equivalents, investments and pledges receivable. The Museum maintains its cash and investments in bank deposits at high credit quality financial institutions, which at times, may exceed federally insured limits. The Museum does not believe that it is exposed to any significant credit risk.

Fair Value of Financial Instruments

The Foundation's financial instruments are cash and cash equivalents, investments, pledges receivable, accounts payable and accrued expenses and note payable, related party. The recorded values of cash and cash equivalents, pledges receivable and accounts payable and accrued expenses approximate their fair values based on their short-term nature. Investments are recorded at fair value based on the net asset value of participation in mutual funds or quoted market prices (Note 3). The fair value of note payable, related party cannot be estimated due to the lack of comparable arrangements with a non-related party.

Pledges Receivable

Pledges receivable are recorded in the period during which the pledge is received. Pledges to be collected after one year are discounted to present value using an annual rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue. An allowance is made for uncollectible contributions based upon management's evaluation of potential uncollectible pledges receivable at the fiscal year end. Management has determined that no allowance is necessary at November 30, 2022.

Collections and Exhibits

Collections are maintained for public exhibition and education rather than for financial gain. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their estimated fair value on the accession date (the date on which the item is accepted by the Museum). Gains or losses on the deaccession of collection items are classified on the statement of activities as support without donor restrictions or donor-restricted support depending on donor restrictions, if any, placed on the item at the time of accession. Collection items are depreciated over their estimated useful lives unless they have cultural, aesthetic, or historical value that is worth preserving perpetually, and the organization is protecting and preserving essentially undiminished the service potential of the collection item. Restoration of collection items are capitalized as incurred and amortized on a straight-line basis over their estimated useful life. Pursuant to museum policy, proceeds from the sale of collection items are available for the purchase of additional collection items or maintenance of existing collection items.

Property, Plant and Equipment

Property, plant and equipment accounts are stated at cost or, if donated, their fair market value on the date of donation, less depreciation. Major renewals and betterments are charged to the property, plant and equipment accounts, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets are expensed currently. The Museum provides for depreciation of the property, plant and equipment accounts by charging against earnings amounts sufficient to depreciate the cost of the assets on the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-nine years.

The Museum reviews the carrying value of property, plant and equipment for impairment whenever events and 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. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. During the fiscal year ended November 30, 2022, the Museum determined that a planned addition to the existing museum structure would not proceed as planned. As a result, an impairment loss of $760,005 was recognized and is included in non-operating activities on the accompanying statement of activities.

Deferred Revenue

The Museum offers lifetime memberships which include lifetime access to museum exhibits and certain events, and priority access to ticketed and member-only events, among other benefits. The revenue from lifetime memberships is recognized ratably at the net present value of the revenue over the estimated average life expectancy of lifetime members. Deferred revenue represents the portion of lifetime memberships that have not yet been recognized (Note 6).

Advertising

Advertising expense is recorded in the period in which the advertising first takes place. Advertising expense for the fiscal year ended November 30, 2022 was $163,223 and is included in printing, publication and advertising on the accompanying statement of functional expenses.

Income Taxes

The Foundation is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes is recorded.

Accounting for Uncertainty in Income Taxes

Management of the Foundation evaluates all significant tax positions as required by GAAP. As of November 30, 2022, Management does not believe that it has taken any positions that would require the recording of any tax liability nor do they believe that there are any unrealized tax benefits that would either increase or decrease within the next fiscal year. The Foundation files informational return Form 990 with the Internal Revenue Service and an informational return in the Commonwealth of Massachusetts.

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Principles

For the fiscal year ended November 30, 2022, the Museum adopted Accounting Standards Update (ASU) 2020-07 - *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item on the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types on contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the Museum's financial statements.

For the fiscal year ended November 30, 2022, the Museum also adopted ASU 2016-02 - *Leases (Topic 842)*. The amendments in this update supersede much of the existing authoritative guidance for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their statement of net assets for all leases with lease terms longer than twelve months. Adoption of this standard did not have a significant impact on the Museum's financial statements as it has no material legally enforceable leases.

Recently Issued, Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard requires the measurement and recognition of expected credit losses for financial assets held at amortized cost and adds an impairment model that is based on expected losses rather than incurred losses. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses (Topic 815), Derivatives and Hedging*, and Topic 825, *Financial Instruments*, to clarify and address certain items related to the amendments of ASU No. 2016-13. The amendments are effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Museum is currently assessing the impact of this ASU on the financial statements and disclosures.

Subsequent Events

In preparing these financial statements, the Museum has evaluated events and transactions for potential recognition or disclosure through October 13, 2023 the date the financial statements were available to be issued.

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable at November 30, 2022 of $100,000 consist of commitments from a donor to fund the salary of an education coordinator for a three-year period. The total pledge was $300,000 and was recognized as contribution revenue at the time of the pledge in the fiscal year ended November 30, 2021. Of this amount, $200,000 was received in the fiscal years ended November 30, 2022 and 2021. Because the remaining pledge receivable of $100,000 is expected to be collected in the near term, the amount is recognized as a current asset on the accompanying statement of financial position at November 30, 2022 with no present value discount. Management believes all pledges receivable are collectible therefore, the Museum has not provided an allowance for doubtful accounts at November 30, 2022.

NOTE 3 - INVESTMENTS

Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That 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 that the Museum has the ability to access.

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.

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. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the fiscal year ended November 30, 2022.

U.S. Treasury Notes: The fair values of U.S. treasury bonds are based on quoted market prices in active markets. Management believes the market for U.S. treasury bonds is an actively traded market given the high level of daily trading volume.

Real Estate Partnership Investment: Investments in real estate partnership do not have a readily determinable fair value and are measured using the measurement alternative afforded by ASC 321 which is defined as cost, less impairment, adjusted (increased or decreased) for information about fair value of the investment from observable price changes, as those occur.

The preceding methods described may produce a fair value determination that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Museum 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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of November 30, 2022:

	Marketable Securities at Fair Value			
	Level 1	*Level 2*	*Level 3*	*Total*
US Treasury notes	$ 66,997	$ -	$ -	$ 66,997
Real estate partnership investments	-	-	37,526	37,526
Total	$ 66,997	$ -	$ 37,526	$ 104,523

NOTE 4 - COLLECTIONS AND EXHIBITS

As discussed in Note 1, the Museum has elected to capitalize its collections and exhibits, whether purchased or donated. The costs of restoring exhibits for display are capitalized and amortized on a straight-line basis over the estimated life of the restoration, generally five years. As of November 30, 2022, collections and exhibits consist of the following:

Collections and exhibits:	
Antique aircraft	$ 36,008,919
Military vehicles and weaponry	29,113,732
Antique automobiles	1,829,403
Militaria and other	5,519,018
Total collections and exhibits	72,471,072
Restoration costs	1,235,741
Less: accumulated amortization	134,691
Restoration costs, net	1,101,050
Total collections and exhibits and restoration costs	$ 73,572,122

Amortization expense related to restoration costs was $60,628 for the fiscal year ended November 30, 2022.

Subsequent to November 30, 2022, one of the antique aircraft held in the Museum's collection was involved in an accident and the Museum estimates that the repairs will be $150,000 to return it to its operational condition.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of November 30, 2022 consist of the following:

Land	$	2,164,149
Buildings and improvements		15,777,793
Equipment and office furniture		149,600
Construction in progress		108,675
		18,200,217
Less: accumulated depreciation		1,700,817
Total property, plant and equipment, net	$	16,499,400

Construction in progress includes remaining costs incurred related to construction of additional space for the Museum after write-off of the costs determined to be impaired as discussed in Note 1. Depreciation expense for the fiscal year ended November 30, 2022 was $498,262.

NOTE 6 - DEFERRED REVENUE

As discussed in Note 1, the Museum offers lifetime memberships and revenue from lifetime memberships is recognized ratably at the net present value of the revenue over the estimated average life expectancy of lifetime members. Deferred revenue is recorded net of a present value discount and is expected to be recognized as follows:

For the fiscal year ended November 30,		
2023	$	5,846
2024		5,846
2025		5,846
2026		5,846
2027		5,846
Thereafter		49,086
Total deferred revenue		78,316
Less: present value discount		(22,697)
Deferred revenue, net	$	55,619

NOTE 7 - PROGRAM ACTIVITIES AND FUNCTIONAL EXPENSES

The statement of functional expenses present the natural expense classifications by program and support area in accordance with the overall service mission of the Museum. Program activities for the fiscal year ended November 30, 2022 consist of museum exhibits and programs, special events and military experiences, and retail sales in the museum gift shop. Certain expenses associated with the operation and maintenance of the Museum’s facilities have been aggregated and allocated to programs and supporting activities based upon specific expenditure for exceptional items and square footage, or other appropriate basis, for all other expenses. Other natural expenses attributable to more than one functional expense category are allocated using other cost allocation techniques, primarily time and effort, square footage or specific identification. Total amounts allocated during the fiscal year ended November 30, 2022 were approximately $2,076,000. Revenues from fundraising activities are included in contributed revenue on the accompanying statement of activities. Expenses related to these events are included in fundraising expenses on the accompanying statement of activities.

NOTE 8 - RELATED PARTIES

In 2019, The Collings Foundation (the Trust), a related entity, donated a tract of land and improvements thereon, a hangar building, a museum building and certain equipment to the Museum. The total amount of donated assets in this transaction was approximately $17,720,000 and is included in property, plant and equipment on the accompanying statement of financial position. In addition, also in 2019, the Trust donated museum exhibit and collection items totaling approximately $54,534,000 for the purpose of opening a museum. This amount is included in collections and exhibits in the accompanying statement of financial position.

The Museum has a note payable to a related party, the former owner of the property where the museum was built. The original amount of the loan was $300,000. There are no specific repayment terms and the note does not bear interest. Two payments of $100,000 each were made on the loan in the 2022 fiscal year leaving a balance of $100,000, which is included in note payable, related party on the accompanying statement of financial position.

The Trust also pays the payroll and benefits on behalf the Museum and allocates a portion of certain employees' salaries to the Museum. During the fiscal year ended November 30, 2022, the Trust paid approximately $831,000 of payroll and benefits on behalf of the Museum. The Trust and Museum may also allocate costs on certain other expenses from time to time as dictated by an affiliation agreement between the two entities. As of November 30, 2022, the Museum had a receivable from the Trust of $389,504, which is included in due from related party on the accompanying statement of financial position. Certain other expenses are allocated between the Museum and the Trust in the normal course of business.

In 2020, due to the global pandemic, the U.S. Government issued the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide relief to American businesses and citizens. Included in the CARES Act was the Employee Retention Credit (ERC) which is a refundable tax credit against certain employment taxes effective the second quarter of 2020 and ending the third quarter of 2021. To qualify for the ERC, an organization must have experienced at least a 50% reduction in gross income for quarters beginning April 1, 2020 as compared to the same quarter in 2019. For 2021, the organization must have experienced a 20% reduction in gross income from the same quarter in 2019. The Trust qualified for and applied for the ERC and the Museum is entitled to the portion of the credit related to their payroll. A receivable from the Trust in the amount of $80,882 was recorded and employee retention credit income of the same amount was recognized and is included in non-operating activities on the accompanying statement of activities.

The Museum leases a structure on an adjacent property from a related party on a month-to-month basis. The structure is used to store certain collection items and for special events. Monthly rent on the structure is $2,000 per month.

NOTE 9 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenses within one year of November 30, 2022 are as follows:

	Financial Assets	Unavailable	Available Within One Year
Financial assets:			
Cash and cash equivalents	$ 112,110	$ -	$ 112,110
Investments	104,523	-	104,523
Pledges receivable	100,000	-	100,000
Total financial assets available within one year	$ 316,633	$ -	$ 316,633

The Museum manages its financial assets to be available as its operating expenses, liabilities and other obligations come due. The Board of Directors is committed to operating the Museum in a financially prudent manner.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation

The Museum is party to various legal actions that are incidental to its business and the business of a related party. While the outcome of legal actions cannot be predicted with certainty, the Museum believes that the ultimate outcome of any proceeding, or all of them combined, will not have a material adverse effect on its financial position, results of operations or liquidity.

As part of a confidential settlement agreement relative to a legal action, the Museum has guaranteed the liability of a related party to fund an escrow account. The Museum does not anticipate being required to fund any part of this account. This guaranty is in force through July 1, 2026.