THE COLLINGS FOUNDATION, INC.
(d.b.a. THE AMERICAN HERITAGE MUSEUM)

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED NOVEMBER 30, 2022)

THE COLLINGS FOUNDATION, INC.
(d.b.a. THE AMERICAN HERITAGE MUSEUM)

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Collings Foundation, Inc.
(d.b.a. The American Heritage Museum)

Opinion

We have audited the financial statements of The Collings Foundation, Inc. (d.b.a. The American Heritage Museum) which comprise the statement of financial position as of November 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of The Collings Foundation, Inc. (d.b.a. The American Heritage Museum) as of November 30, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Collings Foundation, Inc. (d.b.a. The American Heritage Museum) 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 (d.b.a. The American Heritage Museum) ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 auditors' 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 (d.b.a. The American Heritage Museum) 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 (d.b.a. The American Heritage Museum) 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.

Other Matter

Report on Summarized Comparative Information

The financial statements of The Collings Foundation, Inc. (d.b.a. The American Heritage Museum) as of and for the year ended November 30, 2022, were audited by Federman, Lally & Remis, LLC whose practice was combined with Marcum LLP as of January 1, 2024, and whose report dated October 13, 2023, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Portland, ME
November 25, 2024

THE COLLINGS FOUNDATION, INC.
(d.b.a. THE AMERICAN HERITAGE MUSEUM)

STATEMENT OF FINANCIAL POSITION

NOVEMBER 30, 2023
(With summarized financial information as of November 30, 2022)

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 179,653	$ 112,109
Investments	5,158	104,523
Prepaid expenses	53,445	31,095
Pledges receivable	--	100,000
Due from related party	--	389,504
Total Current Assets	238,256	737,231
Collection and Exhibits, Net	98,724,461	73,572,122
Property, Plant and Equipment, Net	16,060,844	16,499,400
Beneficial Interest in Charitable Remainder Unitrust	990,145	--
Total Assets	$ 116,013,706	$ 90,808,753
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 136,237	$ 371,038
Note payable, related party	100,000	100,000
Deferred revenue, current	8,060	5,846
Due to related party	404,955	--
Total Current Liabilities	649,252	476,884
Deferred Revenue, Net of Current Portion and Present Value Allowance	65,940	49,773
Total Liabilities	715,192	526,657
Net Assets		
Without donor restrictions	17,785,771	18,679,097
With donor restrictions	97,512,743	71,602,999
Total Net Assets	115,298,514	90,282,096
Total Liabilities and Net Assets	$ 116,013,706	$ 90,808,753

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

THE COLLINGS FOUNDATION, INC.
(d.b.a. THE AMERICAN HERITAGE MUSEUM)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED NOVEMBER 30, 2023
(With summarized financial information for the year ended November 30, 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Operating Revenues				
Contributions	$ 400,611	$ 1,268,445	$ 1,669,056	$ 965,686
Contributions, non-financial assets - collections	2,189	24,922,000	24,924,189	15,330,000
Government grant revenue	202,500	--	202,500	74,225
Membership and sponsorship revenue	138,984	--	138,984	56,819
Entrance fees	535,335	--	535,335	479,207
Special events	396,999	--	396,999	464,975
Aircraft and military experiences	357,619	--	357,619	377,433
Gift shop revenues	295,867	--	295,867	275,400
Facility rentals	39,533	--	39,533	73,870
Investment loss, net	(18,427)	--	(18,427)	(101,200)
Net assets released from restrictions	280,701	(280,701)	--	--
Total Operating Revenues	2,631,911	25,909,744	28,541,655	17,996,415
Expenses				
Program	2,841,016	--	2,841,016	2,636,759
Fundraising	219,536	--	219,536	173,662
General and administration	464,685	--	464,685	531,535
Total Expenses	3,525,237	--	3,525,237	3,341,956
Change in Net Assets from Operations	(893,326)	25,909,744	25,016,418	14,654,459
Non-Operating Activities				
Employee retention credit income	--	--	--	80,882
Asset impairment	--	--	--	(760,005)
Total Non-Operating Activities	--	--	--	(679,123)
Change in Net Assets	(893,326)	25,909,744	25,016,418	13,975,336
Net Assets - Beginning of year	18,679,097	71,602,999	90,282,096	76,306,760
Net Assets - End of year	$ 17,785,771	$97,512,743	$ 115,298,514	$ 90,282,096

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

THE COLLINGS FOUNDATION, INC.
(d.b.a. THE AMERICAN HERITAGE MUSEUM)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED NOVEMBER 30, 2023
(With summarized financial information for the year ended November 30, 2022)

	2023							
	Program							
	Exhibits & Museum Programs	Special Events & Military Experiences	Retail	Total Program Services	Fundraising	General and Administrative	2023 Total	2022 Total
Payroll and benefits	$ 247,914	$ 222,367	$ 38,773	$ 509,054	$ 81,911	$ 237,118	$ 828,083	$ 831,039
Collection and exhibit maintenance and transportation	658,650	--	--	658,650	--	--	658,650	443,106
Services, consulting and professional fees	147,662	--	--	147,662	260	90,096	238,018	299,842
Special event costs	--	135,324	--	135,324	--	--	135,324	164,778
Merchandise	--	--	149,091	149,091	--	--	149,091	161,654
Equipment and supplies	28,021	--	--	28,021	--	11,890	39,911	69,889
Occupancy	132,766	81,855	2,396	217,017	1,699	33,215	251,931	309,567
Depreciation and amortization	583,519	112,868	4,275	700,662	--	37,813	738,475	558,890
Printing, publication and advertising	43,388	43,388	--	86,776	36,386	--	123,162	208,843
Insurance	20,166	20,166	--	40,332	--	3,976	44,308	26,183
Travel and entertainment	27,453	13,727	--	41,180	15,014	13,727	69,921	74,032
Vehicle maintenance, parts and fuel	67,205	14,873	--	82,078	--	--	82,078	41,863
Credit card and bank service fees	15,055	15,055	15,059	45,169	--	2,282	47,451	55,988
Office expenses	--	--	--	--	9,184	34,568	43,752	37,460
Scholarships, sponsorships and contributions	--	--	--	--	75,082	--	75,082	58,822
	$ 1,971,799	$ 659,623	$ 209,594	$ 2,841,016	$ 219,536	$ 464,685	$ 3,525,237	$ 3,341,956

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

THE COLLINGS FOUNDATION, INC.
(d.b.a. THE AMERICAN HERITAGE MUSEUM)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2023
(With summarized financial information for the year ended November 30, 2022)

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 25,016,418	$ 13,975,336
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Donations of nonfinancial assets	(24,924,189)	(15,330,000)
Donations of Charitable Remainder Unitrust	(990,145)	--
Depreciation and amortization	738,475	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 (gain) on investments, net	18,716	(109,577)
Changes in assets and liabilities:		
Prepaid expenses	(22,350)	(31,095)
Pledges receivable	100,000	100,000
Due to/(from) related party	794,459	(362,754)
Accounts payable and accrued expenses	(234,801)	261,602
Deferred revenue	18,381	55,619
Net Cash Provided by Operating Activities	514,964	72,487
Cash Flows from Investing Activities		
Purchase of property and equipment	(59,706)	(64,135)
Purchase and restoration of collection and exhibits	(468,363)	(1,140,669)
Proceeds from sale of investments	80,938	465,992
Purchases of investments	(289)	--
Net Cash Used in Investing Activities	(447,420)	(738,812)
Cash Flows from Financing Activities		
Principal payments on note payable related party	--	(200,000)
Net Increase (Decrease) in Cash and Cash Equivalents	67,544	(866,325)
Cash and Cash Equivalents - Beginning of year	112,109	978,434
Cash and Cash Equivalents - End of year	$ 179,653	$ 112,109

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

NOTE 1 – NATURE OF ORGANIZATION

The Collings Foundation, Inc., doing business as the American Heritage Museum (the 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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*.

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended November 30, 2022, from which the summarized information was derived.

USE OF ESTIMATES

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. Estimates are used when accounting for certain items such as useful lives of property and equipment, collection items, the existence and valuation of pledges receivable, and the allocation of functional expenses between functional categories.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL STATEMENT PRESENTATION

The Museum has presented its financial statements in accordance with GAAP for not-for-profit organizations. Under this guidance, the Museum is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor 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. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. At November 30, 2023, the Museum had no net assets perpetual in nature.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION(CONTINUED)

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 year ended November 30, 2023.

CONCENTRATION OF REVENUE

Revenues were concentrated for the year ended November 30, 2023. During the year ended November 30, 2023, four noncash donations accounted for 81% of total operating revenues. The donations include a Messerschmitt Me-109 aircraft with an estimated value of $7.5 million, a PBY-5A Catalina aircraft with an estimated value of $9 million, a Boeing DH-4 airplane with an estimated value of $2.75 million and a Supermarine Spitfire aircraft with an estimated value of $3.75 million.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

For the purpose of reporting cash flows, the Museum considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Museum to concentrations of credit risk consist of cash and cash equivalents and investments. 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.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments in securities with readily determinable fair values (marketable debt and equity securities) are carried at fair value as determined by major securities markets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities without readily determinable fair values are stated at cost or fair value as of the date of gift, if donated. The Museum's management is responsible for the fair value measurements of investments reported in the financial statements

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains or losses on the sale of investments are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition during the year.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COLLECTIONS AND EXHIBITS (CONTINUED)

organization is protecting and preserving essentially undiminished the service potential of the collection item. Restoration of collection items is 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 direct care of existing collection items. The Museum defines direct care as restoration costs or other costs to prepare collection items for display at the Museum.

PROPERTY, PLANT AND EQUIPMENT, NET

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.

IMPAIRMENT OF LONG-LIVED ASSETS

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. There was no impairment recognized in the year ended November 30, 2023.

BENEFICIAL INTEREST IN CHARITABLE REMAINDER UNITRUST

During 2023, the Museum was named the beneficiary of a charitable remainder unitrust, held by a third party trustee, with the Museum as the ultimate beneficiary. Under the terms of the trust, the donor has the right to receive 5% of the trust’s value on an annual basis during his or her lifetime and the Museum is irrevocably entitled to the trusts assets after his or her death. There are no purpose restrictions on the use of the assets upon the death of the donor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

ADVERTISING

Advertising expense is recorded in the period in which the advertising first takes place. Advertising expense for the year ended November 30, 2023 was $86,776, and is included in printing, publication and advertising on the accompanying statement of functional expenses.

INCOME TAXES

The Museum is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code is subject to federal income tax. The Museum did not have any unrelated business income during the year ended November 30, 2023.

The Museum recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period.

The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties associated with unrecognized tax positions, if any, would be classified as interest expense and additional income tax expense, respectively, in the statement of activities. The Museum did not identify any uncertain tax positions at November 30, 2023. The Museum is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress or pending.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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 these standards on the financial statements and disclosures.

SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 25, 2024, the date the financial statements were available to be issued. No events or transactions requiring recognition or disclosures in the financial statements were identified.

NOTE 3 – 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.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

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.

There have been no changes in the methodologies used during the year ended November 30, 2023. Following is a description of the valuation methodologies used for assets measured at fair value.

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.

Charitable remainder unitrust: Valued based on quoted market prices for the underlying investments, less expected payouts to other beneficiaries.

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.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of November 30, 2023:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Real estate partnership investment	$ --	$ --	$ 5,158	$ 5,158
Charitable remainder unitrust	$ --	$ --	$ 990,145	$ 990,145
	$ --	$ --	$ 995,303	$ 995,303

The following table sets forth a summary of changes in the fair value of the real estate partnership investment and charitable remainder unitrust for the year ended November 30, 2023:

	Real Estate Partnership Investment	Charitable Remainder Unitrust
Balance, beginning of year	$ 37,526	$ --
Contribution	12,000	990,145
Purchases	--	--
Distributions	(9,697)	--
Realized loss	(34,671)	--
Balance, End of year	$ 5,158	$ 990,145

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, collections and exhibits consist of the following:

Collections and exhibits:	
Antique aircraft	$ 60,858,919
Military vehicles and weaponry	29,177,732
Antique automobiles	1,829,403
Militaria and other	5,769,173
Total collections and exhibits	97,635,227
Restoration costs	1,464,138
Less: accumulated amortization	374,904
Restoration costs, net	1,089,234
Total collections and exhibits and restoration costs	$ 98,724,461

Amortization expense related to restoration costs was $240,213, for the year ended November 30, 2023.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT, NET

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

Land	$ 2,164,149
Buildings and improvements	15,777,793
Equipment and office furniture	157,365
Construction in progress	160,616
	18,259,923
Less: accumulated depreciation	2,199,079
Total property, plant and equipment, net	$ 16,060,844

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

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 2. Depreciation expense for the year ended November 30, 2023 was $498,262.

NOTE 6 – DEFERRED REVENUE

As discussed in Note 2, 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 Years Ending November 30,	
2024	$ 8,060
2025	8,060
2026	8,060
2027	8,060
2028	8,060
Thereafter	63,159
Total deferred revenue	103,459
Less: present value discount	(29,459)
Deferred revenue, net	$ 74,000

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

As of November 30, 2023, net assets with donor restrictions carried the following donor-imposed restrictions:

Purpose restrictions	
Collections and exhibits	$ 96,236,847
Contributions designated for collections due care	228,251
Various programs	57,500
Charitable remainder unitrust receivable	990,145
Net assets with donor restrictions	$ 97,512,743

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions during the year ended November 30, 2023 by incurring expenses satisfying the following restricted purposes or by occurrence of other events or time restrictions specified by donors:

Collections due care expenditures	$	180,701
Collections on multi-year designation pledges		100,000
Net assets released from restrictions	$	280,701

NOTE 8 – 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 year ended November 30, 2023 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.

NOTE 9 – 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 in 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.

NOTE 9 – RELATED PARTIES (CONTINUED)

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 year leaving a balance of $100,000, which is included in note payable, related party on the accompanying statement of financial position at November 30, 2023.

The Trust also pays the payroll and benefits on behalf the Museum and allocates a portion of certain employees' salaries to the Museum. On January 1, 2023, the Museum began paying for the payroll and benefits on behalf of the Trust and allocates a portion of certain employees' salaries to the Trust. During the year ended November 30, 2023, the Trust paid approximately $71,000 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, 2023, the Museum had a payable to the Trust of $404,955 which is included in due to 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 in 2022. This receivable was collected from the Trust during the year ended November 30, 2023.

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 10 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenses within one year of November 30, 2023 is as follows:

Financial assets:	
Cash and cash equivalents	$ 179,653
Investments	5,158
Pledges receivable	--
Due from related party	--
Subtotal	184,811
Less: Amounts restricted by donors	(285,751)
Amounts available for general expenditures in the coming year	$ (100,940)

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 11 – COMMITMENTS AND CONTINGENCIES

LITIGATION

The Museum was party to various legal actions that are incidental to its business and the business of a related party. These legal actions were settled in a private settlement outside of the court during 2023. As part of a confidential settlement agreement relative to a legal action enforced in September, 2023, 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. The terms of the guaranty are in force through July 1, 2026. This guarantee amounts to $10,750,000 at November 30, 2023 and reduces as each settlement payment is funded by the related party. The related party is required to fund $5,375,000 on or before July 1, 2024, $2,687,500 on or before July 1, 2025 and $2,687,500 on or before July 1, 2026. The first payment of $5,375,000 was paid in accordance with the due date by the related party.