

AMERICA'S AUTOMOTIVE TRUST
CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditor's Report
YEARS ENDED DECEMBER 31, 2023 AND 2022



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CONSOLIDATED FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
America's Automotive Trust
Tacoma, Washington

Opinion

We have audited the accompanying consolidated financial statements of America's Automotive Trust, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of America's Automotive Trust and its subsidiaries as of December 31, 2023 and 2022, and the changes in its net assets and its 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. 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 America's Automotive Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of America's Automotive Trust'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 America's Automotive Trust'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.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC
Seattle, Washington
June 7, 2024

AMERICA'S AUTOMOTIVE TRUST

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 444,858	\$ 1,710,406
Contributions receivable, net - current	745,628	497,112
Other receivables	21,277	11,504
Inventory	47,054	36,589
Prepaid expenses	108,647	112,653
	<u>1,367,464</u>	<u>2,368,264</u>
Long-Term and Other Assets		
Cash restricted for various purposes	1,023,420	782,775
Cash restricted for endowment	650,000	90,000
Investments	-	391,364
Contributions receivable, net - long-term	3,003,661	2,791,192
Property and equipment, net	39,040,789	43,755,630
Other assets	314,022	479,371
Classic and antique cars - not accessed	3,681,391	3,560,897
	<u>\$49,080,747</u>	<u>\$54,219,493</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 211,822	\$ 250,505
Accrued expenses	609,869	259,967
Deferred membership revenue	63,956	50,322
Financing lease liability	8,550	-
Current portion of long-term debt	838,923	1,967,774
	<u>1,733,120</u>	<u>2,528,568</u>
Financing Lease Liability, net of current portion	29,270	-
Long-term debt, net of current portion above	5,916,088	6,453,998
	<u>7,678,478</u>	<u>8,982,566</u>
Net Assets		
Without donor restrictions	36,122,039	41,159,184
With donor restrictions	5,280,230	4,077,743
	<u>41,402,269</u>	<u>45,236,927</u>
Total Liabilities and Net Assets	<u>\$49,080,747</u>	<u>\$54,219,493</u>

See notes to consolidated financial statements.

AMERICA'S AUTOMOTIVE TRUST
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Revenue						
Admissions	\$ 1,334,505		\$ 1,334,505	\$ 1,149,381		\$ 1,149,381
Memberships	85,852		85,852	126,585		126,585
Guest services	391,033		391,033	414,710		414,710
Tours and events	349,687		349,687	370,188		370,188
Other earned revenue	609,666		609,666	405,698		405,698
Total Revenue	<u>2,770,743</u>		<u>2,770,743</u>	<u>2,466,562</u>		<u>2,466,562</u>
Support						
Contributions	2,351,262	\$ 2,107,181	4,458,443	4,032,199	\$ 447,622	4,479,821
In-kind contributions	291,046	110,000	401,046	969,920	90,000	1,059,920
Total Support	<u>2,642,308</u>	<u>2,217,181</u>	<u>4,859,489</u>	<u>5,002,119</u>	<u>537,622</u>	<u>5,539,741</u>
Net Assets Released from Restrictions						
Satisfaction of time restrictions	784,151	(784,151)	-	644,651	(644,651)	-
Satisfaction of purpose restrictions	230,543	(230,543)	-	1,083,236	(1,083,236)	-
Total Net Assets Released from Restrictions	<u>1,014,694</u>	<u>(1,014,694)</u>	<u>-</u>	<u>1,727,887</u>	<u>(1,727,887)</u>	<u>-</u>
Total Revenue and Support	<u>6,427,745</u>	<u>1,202,487</u>	<u>7,630,232</u>	<u>9,196,568</u>	<u>(1,190,265)</u>	<u>8,006,303</u>
Expenses						
Program services	5,407,972		5,407,972	6,005,919		6,005,919
Management and general	1,587,048		1,587,048	1,488,037		1,488,037
Fundraising	1,594,888		1,594,888	1,343,374		1,343,374
Total Expenses	<u>8,589,908</u>		<u>8,589,908</u>	<u>8,837,330</u>		<u>8,837,330</u>
Change in Net Assets Before Gains and (Losses)	<u>(2,162,163)</u>	<u>1,202,487</u>	<u>(959,676)</u>	<u>359,238</u>	<u>(1,190,265)</u>	<u>(831,027)</u>
Gains and (Losses)						
Deconsolidation of America On Wheels	(2,778,986)	-	(2,778,986)	-	-	-
Accession of classic and antique cars into collection	-	-	-	(44,000)	-	(44,000)
Change in value of interest rate swap	-	-	-	161,083	-	161,083
Net gains on investment activity	-	-	-	(55,047)	-	(55,047)
Gain (loss) on valuation of assets	10,133	-	10,133	(5,923)	-	(5,923)
Known and estimated loss on uncollectible contributions receivable	(106,129)	-	(106,129)	(190,192)	-	(190,192)
Total Gains and (Losses)	<u>(2,874,982)</u>	<u>-</u>	<u>(2,874,982)</u>	<u>(134,079)</u>	<u>-</u>	<u>(134,079)</u>
Total Change in Net Assets	<u>(5,037,145)</u>	<u>1,202,487</u>	<u>(3,834,658)</u>	<u>225,159</u>	<u>(1,190,265)</u>	<u>(965,106)</u>
Net Assets - beginning of year	41,159,184	4,077,743	45,236,927	40,934,025	5,268,008	46,202,033
Net Assets - end of year	<u>\$ 36,122,039</u>	<u>\$ 5,280,230</u>	<u>\$ 41,402,269</u>	<u>\$ 41,159,184</u>	<u>\$ 4,077,743</u>	<u>\$ 45,236,927</u>

AMERICA'S AUTOMOTIVE TRUST

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,923,979	\$ 1,037,430	\$ 684,052	\$ 3,645,461	\$ 1,901,966	\$ 621,671	\$ 315,671	\$ 2,839,308
Payroll taxes and benefits	482,992	190,994	125,760	799,746	465,903	156,410	53,597	675,910
Total payroll expenses	2,406,971	1,228,424	809,812	4,445,207	2,367,869	778,081	369,268	3,515,218
Depreciation	1,158,039	640	-	1,158,679	1,298,855	-	-	1,298,855
Professional fees	147,531	106,693	104,828	359,052	240,219	237,200	219,544	696,963
Cultivation and events	94,908	16,314	237,790	349,012	32,933	41,342	362,430	436,705
Repairs and maintenance	194,506	12,703	97,174	304,383	123,403	8,853	79,874	212,130
Advertising	209,735	-	-	209,735	105,715	-	3,058	108,773
In-kind expense	108,639	-	97,459	206,098	100,235	-	58,803	159,038
Exhibition costs	193,193	-	-	193,193	87,981	-	-	87,981
Interest expense	187,128	138	-	187,266	325,432	-	-	325,432
Travel and meetings	63,679	71,244	30,915	165,838	93,315	34,021	20,443	147,779
Insurance	80,742	80,693	-	161,435	106,499	87,068	-	193,567
Printing and publications	88,968	14,732	41,296	144,996	63,450	12,473	62,845	138,768
Computer related expenses	38,209	8,984	90,076	137,269	70,845	8,096	61,183	140,124
Miscellaneous	59,240	14,448	48,588	122,276	32,869	61,315	63,875	158,059
Occupancy	115,184	-	-	115,184	568,380	172,905	-	741,285
Bank fees	86,842	2,388	24,818	114,048	67,300	14,830	24,917	107,047
General operating	58,749	28,792	12,026	99,567	63,959	29,884	17,134	110,977
Contract services	44,106	855	-	44,961	72,189	1,969	-	74,158
Collection costs	44,803	-	106	44,909	65,568	-	-	65,568
Grants and scholarships	26,800	-	-	26,800	118,903	-	-	118,903
Total expenses	\$ 5,407,972	\$ 1,587,048	\$ 1,594,888	\$ 8,589,908	\$ 6,005,919	\$ 1,488,037	\$ 1,343,374	\$ 8,837,330

AMERICA'S AUTOMOTIVE TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from:		
Guests	\$ 2,174,711	\$ 2,018,204
Donors	3,331,329	3,898,627
Other income	704,238	601,755
Cash paid for:		
Personnel	(4,037,657)	(3,564,501)
Services and supplies	(2,565,921)	(2,749,230)
Interest	<u>(151,258)</u>	<u>(227,683)</u>
Net Cash Used by Operating Activities	<u>(544,558)</u>	<u>(22,828)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	-	1,798
Purchases of property and equipment	(120,495)	(360,759)
Proceeds paid on deconsolidation of AOW	<u>(69,376)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(189,871)</u>	<u>(358,961)</u>
Cash Flows from Financing Activities		
Cash received from endowment contributions	560,000	-
Proceeds from issuance of long-term debt	275,000	2,650,000
Repayment of financing lease obligation	(575)	-
Repayment of long-term debt	<u>(564,899)</u>	<u>(2,789,103)</u>
Net Cash Provided (Used) by Financing Activities	<u>269,526</u>	<u>(139,103)</u>
Net Change in Cash and Cash Equivalents	(464,903)	(520,892)
Cash, Cash Equivalents, and Restricted Cash, beginning of year	<u>2,583,181</u>	<u>3,104,073</u>
Cash, Cash Equivalents, and Restricted Cash, end of year	<u>\$ 2,118,278</u>	<u>\$ 2,583,181</u>
Supplemental Information		
Noncash investing and financing activities:		
Purchase of equipment through issuance of financing lease obligation	<u>\$ 38,395</u>	<u>\$ -</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash to the Statement of Cash Flows		
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 444,858	\$ 1,710,406
Cash restricted for various purposes	1,023,420	782,775
Cash restricted for endowment	<u>650,000</u>	<u>90,000</u>
	<u>\$ 2,118,278</u>	<u>\$ 2,583,181</u>

See notes to consolidated financial statements. 7

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

In 1998, Harold and Nancy LeMay formed The Harold E. LeMay Museum, now called LeMay - America's Car Museum (ACM), a nonprofit corporation in the state of Washington. They committed themselves to donating a portion of the vast LeMay Collection to the museum for the benefit of the public. LeMay - America's Car Museum was chartered to secure, preserve, and interpret the valuable LeMay Collection, along with additional vehicles and artifacts that it may acquire in order to explore the broad themes of American mobility and lifestyle in an instructive and entertaining manner. Its primary sources of revenue and support are private contributions, grants, and museum admission tickets. Opened on June 1, 2012, the spacious museum with rotating exhibits is designed to be the centerpiece for automotive history as well as an educational center and library. The campus contains a 3.5-acre show field, theatre, store, cafe, banquet hall, and meeting facilities.

In 2010, as part of the New Markets Tax Credit financing package utilized for the construction of the museum and show field, two subordinate entities were created: LeMay-Dome Parking Association (DOME) and The Harold E. LeMay Museum (HELM). These organizations are registered with the state of Washington as nonprofit corporations. The board members of these two organizations are required to be board members of LeMay - America's Car Museum. The sole purpose of these organizations is to support LeMay - America's Car Museum.

In 2014, RPM Foundation, a 501(c)(3) organization, became a 509(a)(3) supporting organization. RPM Foundation is the first major museum-based program designed to train young people in the skills and trades necessary to preserve and restore collector vehicles and boats.

On January 1, 2017, America's Automotive Trust (AAT), a Washington not-for-profit corporation, was formed to secure America's automotive heritage through the support of cultural institutions displaying the history and cultural significance of the automobile; supporting educational and scholarship programs to ensure the skill sets necessary to perpetuate the maintenance and restoration of historic automobiles; establishing a system for recognition of historically significant automobiles; and providing active programs to encourage utilization of historic automobiles and engage the communities that support them. During 2019, the bylaws of AAT were amended such that the Board of Directors consists of those board members serving on the Board of Directors of ACM. Accordingly, beginning in 2019 the activity for AAT has been consolidated herein. AAT serves as the overarching entity of the consolidation.

In 2021, America On Wheels (AOW), a 501(c)(3) museum located in Allentown, Pennsylvania, was brought under the governance of the Museum's Board. AOW's mission of preserving, collecting and exhibiting a variety of artifacts, documents and items pertaining to over-the-road transportation aligned with the Museum's mission and fulfilled the Museum's national mission by having an east coast presence. Effective January 1, 2023, the Museum's board released control over America On Wheels and returned it to its previous position as a voluntary affiliate for mutual benefit.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of consolidation

The consolidated financial statements include the accounts of America's Automotive Trust, LeMay - America's Car Museum, The Harold E. LeMay Museum, LeMay - Dome Parking Association, RPM Foundation, and America On Wheels (collectively, the Museum). The entities are under common control through a shared Board of Directors. All material inter-organization transactions have been eliminated in the consolidation.

Basis of presentation

The Museum presents its consolidated financial statements on an accrual basis of accounting in accordance with FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Museum is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as 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. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows which is a level 3 input. The Museum also uses fair value concepts to test various long-lived assets for impairment. There were no assets measured at fair value on a nonrecurring basis as of December 31, 2023 or 2022.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with remaining maturity at the date of purchase of three months or less. The Museum maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Museum has not experienced any losses in these accounts and management does not believe it is exposed to any significant credit risk.

Contributions receivable

Contributions receivable represents unconditional promises to give by donors and are stated at net realizable value. In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period received.

Inventory

Inventory is stated at the lower of cost or market, using the first-in, first-out method of cost accumulation, and reflect items in the Museum's gift shops available for purchase by the public.

Other assets

Other assets includes two Auguste Rodin sculptures, L'age d'airain and Petite Eve, which the Museum received from donors during 2009. While it is the Museum's intent to sell these assets, they are not being actively held for sale at this time.

Also included in other assets are donated vehicles expected to be sold within one year of donation. Vehicles are recorded at expected resale price.

Property and equipment

Land, buildings, and equipment are stated at cost or, if donated, at fair value at the date of donation, less accumulated depreciation. The Museum capitalizes fixed assets with a cost greater than \$1,500. Maintenance and repair costs are expensed as incurred. The cost and related accumulated depreciation of significant assets sold or retired are removed from the property accounts and any resulting gain or loss is reported as an increase or decrease in net assets.

Depreciation is provided on the straight-line method over the assets' estimated useful lives, which, for building improvements is 15 years, for the building is 39 years, and for furniture and equipment is three to seven years.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment for the Museum consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Building	\$33,981,591	\$33,981,591
Building improvements	1,351,843	6,210,494
Furniture and equipment	<u>3,560,210</u>	<u>4,772,003</u>
	38,893,644	44,964,088
Less accumulated depreciation	<u>(14,641,046)</u>	<u>(16,048,126)</u>
	24,252,598	28,915,962
Land	14,788,191	14,825,668
Construction in progress	<u>-</u>	<u>14,000</u>
	<u>\$39,040,789</u>	<u>\$43,755,630</u>

The Museum, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, asset impairment is recognized. There were no impairment losses on the Museum's assets, including the classic and antique cars, for the years ended December 31, 2023 and 2022.

In 2010, the City of Tacoma donated 7.8 acres of land valued at \$14,788,191 to the Museum subject to certain restrictions. So long as the Museum's \$3.6 million HUD loan (see Note I) is outstanding, the donated land may not be used as collateral. Once the HUD loan has been satisfied, the land may be utilized as collateral to fund expansion or capital improvements to the Museum.

Revenue and support

Admissions

Admissions revenue includes ticket sales for admission into the museum, adjusted for discounts and promotions. Admissions revenue is recorded at time of admission.

Memberships

Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided and a contribution element for the difference between the total dues paid and the exchange element. The Museum recognizes the exchange element of membership dues over the membership period and recognizes the contribution portion immediately.

Guest services

The Museum collects revenue from various guest attractions and services, such as slot car racing, racing simulators and guest parking. Guest services revenue is recorded at the point of sale.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tours and events

Tours and events revenue primarily consists of private event space rental fees and related income, such as catering commissions and group tour tickets. Revenue is recognized on completion of the private event or group tour.

Other earned revenue

Other earned revenue includes income from sources unrelated to the Museum's normal activities, such as parking revenue as the result of events held at the adjacent Tacoma Dome and Club Auto car storage fees. This revenue is generally recognized at the point of sale.

Contributions

The Museum recognizes contributions when cash, securities or other assets, and unconditional promises to give or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been met.

Donor-restricted support is reported as an increase in donor-restricted net assets depending on the nature of the restriction. When restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reported as net assets released from restrictions.

Gifts of equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

In-kind donations

Donated goods are recorded at their estimated fair value at the date of donation. Donated rent is recognized at the fair value of the space occupied. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized. A number of volunteers have donated time to the Museum's programs and fundraising activities. The services of those volunteers are not recorded in the consolidated financial statements as they do not meet the criteria for recognition.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind contributions are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Donated goods	\$ 251,262	\$ 130,006
Donated services	29,290	125,687
Donated use of facility	-	564,127
Donated classic and antique cars	<u>120,494</u>	<u>240,100</u>
	<u>\$ 401,046</u>	<u>\$ 1,059,920</u>

Expense allocation

Directly identifiable expenses are charged to program, fundraising, and management and general expenses. Expenses relating to more than one function are charged to the function based on an estimate of utilization for that particular function. Management and general expenses include those expenses that are not directly identifiable with any specific function but to provide for the overall support of the Museum.

Advertising

The Museum expenses the costs of advertising as incurred. Advertising expense for the years ended December 31, 2023 and 2022, was \$209,735 and \$108,773, respectively.

Federal income tax

America's Automotive Trust, LeMay - America's Car Museum, and America on Wheels are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Harold E. LeMay Museum and LeMay - Dome Parking Association are 509(a)(3) supporting organizations of LeMay - America's Car Museum. RPM Foundation is a 509(a)(3) supporting organization of America's Automotive Trust. Net unrelated business income, if any, is subject to federal income taxes under Sections 512 and 514. Taxes paid, if any, are immaterial to the Museum.

The Museum evaluates its uncertain tax positions and a loss contingency is recognized only when it is more likely than not the tax position will not be sustained on examination by tax authorities, based on technical merits of the position. The Museum recognizes interest and penalties related to income tax matters in income tax expense, if applicable. As of December 31, 2023, the Museum is not aware of any uncertain tax positions that require accrual.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the net assets or change in net assets as of or for the year ended December 31, 2022.

NOTE B - LIQUIDITY

The Museum receives significant contributions and promises to give which are restricted by donors, and considers contributions without donor restrictions, board-designated and restricted for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Museum manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Museum strives to maintain current financial assets less current liabilities at a minimum to support 30 days of operating expenses. The Museum targets a year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenditures. The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2023</u>	<u>2022</u>
Total cash and receivables	\$ 5,888,844	\$ 5,882,989
Less: Promises to give in-kind	<u>(130,573)</u>	<u>(200,890)</u>
Total financial assets	5,758,271	5,682,099
Less Donor-imposed restrictions:		
Purpose restricted	(1,056,769)	(896,348)
Time restricted to future periods of more than one year	(273,989)	(190,065)
Endowments	<u>(3,156,665)</u>	<u>(2,789,603)</u>
Net financial assets after donor-imposed restrictions	1,270,848	1,806,083
Less Internal designations:		
Proceeds from sale of collection held for purchase of collection items	(250,798)	(255,224)
Board-designated reserve for debt reduction	<u>(15,963)</u>	<u>(16,088)</u>
	<u>\$ 1,004,087</u>	<u>\$ 1,534,771</u>

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE C - FAIR VALUE MEASUREMENTS

Assets carried at fair value on a recurring basis as of December 31, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Bond funds	\$ 254,012	\$ -	\$ -	\$ 254,012
Large cap value	<u>127,287</u>	<u>-</u>	<u>-</u>	<u>127,287</u>
	<u>\$ 381,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,299</u>

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions receivable (promises to give) due in more than one year are recorded at the present value of estimated future cash flows using discount rates ranging from 3.88% to 4.23%. As of December 31, 2023 and 2022, 47% of total contributions receivable were due from one donor. Contributions receivable were as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Contributions receivable restricted to:		
Endowment	\$ 3,236,394	\$ 3,041,909
Programs and exhibits	66,000	66,000
Future periods	<u>1,472,184</u>	<u>1,273,501</u>
	4,774,578	4,381,410
Less allowance for uncollectible	(26,000)	(74,036)
Less unamortized discount	<u>(999,289)</u>	<u>(1,019,070)</u>
Total contributions receivable, net	<u>\$ 3,749,289</u>	<u>\$ 3,288,304</u>

Contributions receivable expected to be collected during the year ending December 31:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 745,628	\$ 497,111
One to five years	192,555	242,390
More than five years	<u>3,836,395</u>	<u>3,641,909</u>
Total contributions receivable	<u>\$ 4,774,578</u>	<u>\$ 4,381,410</u>

NOTE E - COLLECTION

The Museum's collection consists of automobiles and other memorabilia that are held for public exhibition, education and curatorial purposes. The Museum has policies in place to ensure that the collection is adequately displayed, stored, protected, and maintained. The collection has been acquired through purchases and contributions since the Museum's inception.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE E - COLLECTION (Continued)

The Museum has adopted a policy of not capitalizing the collection in its consolidated financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items reduce net assets in the period when purchased. Proceeds from sales or insurance recoveries are recorded as increases in net assets when received. It is the policy of the Museum that proceeds from the sale of any collection items are to be used to purchase additional collection items, the direct care of existing collection items, or both.

Vehicles donated to the Museum undergo a thorough evaluation to determine whether they should be accessed into the collection. During this determination process, they are held on the books of the Museum and reported as "classic and antique cars - not accessed" on the consolidated statements of financial position. For donated items in excess of \$5,000, the museum obtains appraisals to determine the fair value. In order to determine the fair value of items less than \$5,000, the Museum's collection manager utilizes the donor's listed value, pricing guides, and other reference material to develop a conservative estimate of the item's fair value.

Items which are approved by the Conservator in conjunction with the Collection Committee to be accessed into the collection are transferred off the books of the Museum and into the collection. Items which are to be sold are reclassified into "vehicles held for sale" until they can be sold.

NOTE F - REFUNDABLE ADVANCES

In April 2021, the Museum applied for and received a second Paycheck Protection Program ("PPP") loan through Columbia State Bank in the amount of \$638,142. The loan was funded on April 12, 2021 and has a maturity date of April 12, 2026. PPP loans have a forgiveness option for employers who maintain their staffing levels and salaries at pre-COVID-19 pandemic levels. Expenses eligible to trigger forgiveness include employee wages, benefits, office utilities, and loan interest payments. The Museum entered into the program with the intention of complying with the terms for forgiveness and has recognized the loan as a conditional grant. Should the Museum fail to meet the terms for forgiveness, interest at a rate of 1% will be added to the amount owing and the first monthly payment of \$14,635 would have been due August 12, 2022, but repayment was deferred pending a determination of forgiveness. Forgiveness was granted on May 20, 2022.

In 2021, the Museum applied for and received two Shuttered Venue Operators Grants. The second grant was fully expended as of December 31, 2022.

NOTE G - LEASES COMMITMENTS

The Museum executed a financing lease for printers from others under non-cancelable lease agreement in November 2023. The lease is included in property and equipment and financing lease liability in the statement of financial position. The discount rate represents the Museum's election of the risk-free rate.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE G - LEASES COMMITMENTS (Continued)

The components of the lease costs for the year ended December 31, 2023 are as follows:

	<u>2023</u>
Financing lease costs	\$ 575
Supplemental cash flow information:	
Weighted-average remaining lease term - financing	4.92 Years
Weighted-average discount rate - financing	4.31%

Maturities of financing lease liabilities are as follows for the years ending December 31:

2024	\$ 8,550
2025	8,550
2026	8,550
2027	8,550
2028	<u>7,837</u>
	42,037
Less present value discount	<u>(4,217)</u>
	<u>\$ 37,820</u>

NOTE H - DEFERRED COMPENSATION PAYABLE

In November 2023, an officer of the Museum passed away. The death payout from the Museum's qualified, non-matching deferred compensation plan was \$327,686 and payable to the officer's beneficiary. The payment was completed in January 2024 and is included in the Statement of Financial Position in accrued expenses.

NOTE I - LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
On August 15, 2023, the Museum received a \$750,000 revolving line of credit. The line of credit matures on August 31, 2024. Bank advances on the line of credit are payable on demand and carry interest at 3% points over the bank's Index rate (5.213%). The line of credit is collateralized by the general assets of the Museum and guaranteed by three members of its Board of Directors.	\$ 275,000	\$ -

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE I - LONG-TERM DEBT (Continued)	<u>2023</u>	<u>2022</u>
<p>Note payable (America On Wheels) to ACMC Lender LLC. The note has been in forbearance since 2016, during which period no principal or interest payments are due, but interest accrues at 3.00% per annum. The forbearance agreement was extended in November 2020 and the balance is now due May 31, 2023. America On Wheels is actively working with the Lender to negotiate and additional extension. The note balance includes capitalized interest of \$439,088 at December 31, 2022.</p>	-	1,412,870
<p>Note payable to City of Tacoma (HUD), funded by a Community Development Block Grant Section 108 Guarantee Loan, and bearing interest of LIBOR + 0.7% (5.4% as of December 31, 2023) thereafter until conversion to a fixed interest rate. Interest-only payments were due in the initial period, from May 28, 2010 through August 1, 2017. In August 2017, this note was amended and payment was extended with annual principal payments due each August 1, through maturity on August 1, 2029. The note is secured by a first lien deed of trust (The HUD Deed of Trust) on the property, a first lien security interest (the "Pledge Lien") on any future pledge of capital contribution made to Borrower (excluding the first \$500,000 of building restricted pledges), and a first lien security interest on seventeen vehicles currently included in classic and antique cars with a book value of \$2.9 million.</p>	1,848,000	2,124,000
<p>Note payable (LeMay - America's Car Museum) to The Tacoma Community Redevelopment Authority, bearing interest at 0.865% per annum. Annual installment payments of \$29,006 are deferred for 24 months, with the first payment due July 2023. The note matures in July 2031 and is secured by an extension of the HUD Section 108 loan with the City of Tacoma (above). The note balance includes capitalized interest of \$4,516 and \$3,387 respectively at December 31, 2023 and 2022.</p>	236,565	264,444

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE I - LONG-TERM DEBT (Continued)	<u>2023</u>	<u>2022</u>
<p>In 2007, the Museum was granted a Washington State Historic Automobile Museum Sales and Use Tax Deferral Certificate for costs associated with the construction of its building. In 2013 the final state audit report was completed. Total tax assessment is \$1,994,540 and payable over 10 years beginning December 31, 2017. In 2017, this assessment was extended five years by state legislation, allowing payments to begin on December 31, 2022. Interest on this non-interest bearing note has been imputed at a rate of 1.6% per annum.</p>	1,416,132	1,593,146
<p>Economic Injury Disaster Loan (EIDL) payable (LeMay - America's Car Museum) to US Small Business Administration (SBA), bearing interest at 2.75% per annum. Installment payments of \$641, including principal and interest, are deferred for 12 months with the first payment due June 2021. The loan matures in June 2050. The note is secured by all inventory, equipment and receivables. In January 2022, LeMay - America's Car Museum received from the SBA an additional EIDL for \$1,850,000, bringing the total note to \$2,000,000. The new monthly installment payments, including principal and interest, increased to \$8,670, with payment deferred for 30 months from the date of the original note. The first monthly payment was due December 2022. The original maturity date, interest rate and security are unchanged. The note balance includes capitalized interest of \$49,304, respectively, at December 31, 2023 and 2022.</p>	2,001,014	2,049,304
<p>On February 23, 2022, America's Automotive Trust (AAT) received an EIDL for \$450,000 from the US Small Business Administration. The loan bears interest at 2.75% per annum. Monthly installment payments of \$2,020 are deferred for 30 months, with the first payment due August 2024. The loan matures in February 2052 and is secured by all inventory, equipment and receivables. The note balance includes capitalized interest of \$22,809 and \$10,368 at December 31, 2023 and 2022.</p>	472,809	460,368

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE I - LONG-TERM DEBT (Continued)	<u>2023</u>	<u>2022</u>
Economic Injury Disaster Loan (EIDL) payable (LeMay - Dome Parking Association) to US Small Business Administration, bearing interest at 2.75% per annum. Installment payments of \$641, including principal and interest, are deferred for 12 months with the first payment due June 2021. The loan matures in June 2050. The note is secured by all inventory, equipment and receivables. In January 2022, LeMay - Dome Parking Association received from the SBA an additional EIDL for \$350,000, bringing the total note to \$500,000. The new monthly installment payments, including principal and interest, increased to \$2,186, with payment deferred for 30 months from the date of the original note. The first monthly payment was due December 2022. The original maturity date, interest rate and security are unchanged. The note balance includes capitalized interest of \$17,640, respectively, at December 31, 2023 and 2022.		
	<u>505,491</u>	<u>517,640</u>
Total	6,755,011	8,421,772
Less current portion of long-term debt	<u>(838,923)</u>	<u>(1,967,774)</u>
	<u>\$ 5,916,088</u>	<u>\$ 6,453,998</u>

Scheduled principal reductions of long-term debt are as follows for the year ending December 31:

2024	\$ 838,923
2025	575,183
2026	586,277
2027	597,427
2028	609,639
Thereafter	<u>3,547,562</u>
	<u>\$ 6,755,011</u>

Included under the terms of the note agreements are covenants that require the maintenance of various minimum financial ratios and filing requirements for annual audited financial statements. Management represents that the Museum is in compliance with these requirements.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose:		
Available for future periods	\$ 1,150,191	\$ 933,066
RPM Foundation activities	376,544	287,356
Other programs	<u>596,830</u>	<u>459,082</u>
	<u>2,123,565</u>	<u>1,679,504</u>
Endowments:		
Not subject to spending policy or appropriation:		
Promises to give	3,236,395	3,041,910
Discount to net present value	<u>(729,730)</u>	<u>(733,671)</u>
Promises to give, net	2,506,665	2,308,239
Cash and cash equivalents	<u>650,000</u>	<u>90,000</u>
	<u>3,156,665</u>	<u>2,398,239</u>
Total net assets with donor restrictions	<u>\$ 5,280,230</u>	<u>\$ 4,077,743</u>

NOTE K - RETIREMENT PLAN

The Museum sponsors a 403(b) defined contribution pension plan. Employees may contribute up to the Internal Revenue Service limits per year. The Museum matches eligible employees' contributions up to 5% of their compensation. Eligible employees include those having one year of service and have reached age 21. For the years ended December 31, 2023 and 2022, the Museum contributed \$98,234 and \$75,444, respectively, in matching contributions. The Museum also provides a qualified, non-matching, deferred compensation plan open to certain senior management.

NOTE L - COMMITMENTS

In August of 2007, the Museum exercised an option agreement with the City of Tacoma (the City) to acquire approximately 7.8 acres of land located near the Tacoma Dome, through a donation by the City, for the new location of the Museum. The Museum closed on the land in May of 2010 and retains a 20-year option for an additional one-acre parcel which expires August 2027.

NOTE M - ENDOWMENTS

The Museum's endowments consist of funds established for a variety of purposes. As required by financial accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE M - ENDOWMENTS (Continued)

Interpretation of Relevant Law

Endowments held by the entities located in Washington State are governed by the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA), as stated in the Revised Code of Washington (RCW) 24.55.

America On Wheels (AOW) follows Commonwealth of Pennsylvania are governed by Pennsylvania Act 141, as amended from time to time.

The Museum's Board has interpreted this guidance as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum retains in perpetuity: (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

Endowment Oversight

Investment and Spending Policy

The Museum will use the endowment to pursue its mission and, in doing so, will seek an appropriate balance between two goals: providing stable and predictable resources year after year, and maintaining the real value of endowment assets and their revenue stream over the long term.

Consistent with this philosophy, during times of high opportunity and change, the Museum may spend a higher amount of the income and gain produced by the endowment. During times of low opportunity and change, the Museum may spend a lower amount of the income and gain produced by the endowment. Annually, the Museum will spend not to exceed 5.0% of its endowment fund's average fair market value over the prior 16 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

AOW is permitted to spend the earnings of the fund annually, which is defined as the interest and dividends earned in the period. As needed, AOW transfers quarterly a portion of earnings on the board-designated endowment to operations and reports as investment income in the net asset without donor restrictions class.

Return Objectives, Risk Parameters, and Strategies Employed for Achieving Objectives

The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the approved benchmark, while assuming a moderate level of investment risk. The approved benchmark is comprised of publicly traded market index funds, as may be amended from time to time by the Board of Directors.

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE M - ENDOWMENTS (Continued)

To satisfy its long-term rate of return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The AOW primary goal of the investment policy is to meet the short and long-term needs and goals of the Organization while carefully controlling risk. Basic to the process is the establishment of mutually agreed upon objectives and the development of an investment program designed to meet those needs. Preservation of capital and a stable level of current income are foremost in the fixed income strategy. The portfolio is invested in corporate bonds, U.S. Government securities, and mutual funds; plus liquidity as the primary objective and goals. To achieve these goals, the Organization closely follows the bond market and constantly reviews the yield curve to determine the best mix of maturities to protect the principal value and to realize the highest level of income.

Changes in endowment net assets are as follows for the year ended December 31, 2023:

	Without <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 391,364	\$ 2,398,239	\$ 2,789,603
Net gains (losses)	-	198,426	198,426
Contributions	-	560,000	560,000
Deconsolidation of AOW	<u>(391,364)</u>	<u>-</u>	<u>(391,364)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 3,156,665</u>	<u>\$ 3,156,665</u>

Changes in endowment net assets are as follows for the year ended December 31, 2022:

	Without <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 435,893	\$ 2,618,660	\$ 3,054,553
Investment return:			
Investment income, net of investment fees	8,896	-	8,896
Net gains (losses)	<u>(53,425)</u>	<u>(230,421)</u>	<u>(283,846)</u>
Total investment return	(44,529)	(230,421)	(274,950)
Contributions	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Endowment net assets, end of year	<u>\$ 391,364</u>	<u>\$ 2,398,239</u>	<u>\$ 2,789,603</u>

AMERICA'S AUTOMOTIVE TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE N - RISKS AND UNCERTAINTIES

The Museum is subject to the risk and challenges associated with organizations at a similar stage of operation including dependence on key individuals, successful marketing of the Museum and its events, and ability to retain significant donors and sponsors.

The Museum operates in the not-for-profit sector, and accordingly, can be affected by a variety of factors. For example, management of the Museum believes that any of the following factors could have a significant negative effect on the Museum's future financial position, results of operations and cash flows: failure of its marketing efforts to grow attendance and membership, adverse economic conditions that impact customers' ability and willingness to attend events, and inability to retain significant donors.

NOTE O - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2023 through June 7, 2024, which is the date the consolidated financial statements were available to be issued, and has recognized in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2023, including the estimates inherent in the processing of the consolidated financial statements.

SUPPLEMENTARY INFORMATION

AMERICA'S AUTOMOTIVE TRUST
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023

	<u>AAT</u>	<u>ACM</u>	<u>HELM</u>	<u>DOME</u>	<u>RPM</u>	<u>Eliminations</u>	<u>Total</u>
<u>ASSETS</u>							
Current Assets							
Cash and cash equivalents	\$ 6,936	\$ 205,375	\$ 6,115	\$ 159,762	\$ 66,670	\$ -	\$ 444,858
Contributions receivable, net - current	652,961	50,000	-	-	42,667	-	745,628
Other receivables	-	9,187	-	12,090	-	-	21,277
Inventory	-	47,054	-	-	-	-	47,054
Prepaid expenses	54,991	53,656	-	-	-	-	108,647
Total Current Assets	<u>714,888</u>	<u>365,272</u>	<u>6,115</u>	<u>171,852</u>	<u>109,337</u>	<u>-</u>	<u>1,367,464</u>
Long-Term and Other Assets							
Cash restricted for various purposes	13,489	585,623	-	-	424,308	-	1,023,420
Cash restricted for endowment	60,000	530,000	-	-	60,000	-	650,000
Investments	-	-	-	-	-	-	-
Contributions receivable, net - long-term	152,455	2,788,694	-	-	62,512	-	3,003,661
Due from related entities	-	2,525,292	91,283	868,254	-	(3,484,829)	-
Loan receivable from related entities	-	2,001,014	-	-	-	(2,001,014)	-
Property and equipment, net	-	38,439,618	-	601,171	-	-	39,040,789
Other assets	-	314,022	-	-	-	-	314,022
Classic and antique cars - not accessed	-	3,681,391	-	-	-	-	3,681,391
Total Assets	<u>\$ 940,832</u>	<u>\$ 51,230,926</u>	<u>\$ 97,398</u>	<u>\$ 1,641,277</u>	<u>\$ 656,157</u>	<u>\$ (5,485,843)</u>	<u>\$ 49,080,747</u>
<u>LIABILITIES AND NET ASSETS</u>							
Current Liabilities							
Accounts payable	\$ 55,401	\$ 153,657	\$ -	\$ 375	\$ 2,389	\$ -	\$ 211,822
Accrued expenses	13,788	596,081	-	-	-	-	609,869
Deferred membership revenue	63,956	-	-	-	-	-	63,956
Financing lease liability	-	8,550	-	-	-	-	8,550
Current portion of long-term debt	10,778	815,657	-	12,488	-	-	838,923
Total Current Liabilities	<u>143,923</u>	<u>1,573,945</u>	<u>-</u>	<u>12,863</u>	<u>2,389</u>	<u>-</u>	<u>1,733,120</u>
Due to Related Entities	2,375,046	962,105	-	-	147,678	(3,484,829)	-
Financing Lease Liability, net of current portion	-	29,270	-	-	-	-	29,270
Loan Payable to Related Entity	-	-	-	2,001,014	-	(2,001,014)	-
Long-term debt, net of current portion above	462,031	4,961,054	-	493,003	-	-	5,916,088
Total Liabilities	<u>2,981,000</u>	<u>7,526,374</u>	<u>-</u>	<u>2,506,880</u>	<u>150,067</u>	<u>(5,485,843)</u>	<u>7,678,478</u>
Net Assets							
Without donor restrictions	(2,905,585)	39,795,829	97,398	(865,603)	81,782	(81,782)	36,122,039
With donor restrictions	865,417	3,908,723	-	-	424,308	81,782	5,280,230
Total Net Assets	<u>(2,040,168)</u>	<u>43,704,552</u>	<u>97,398</u>	<u>(865,603)</u>	<u>506,090</u>	<u>-</u>	<u>41,402,269</u>
Total Liabilities and Net Assets	<u>\$ 940,832</u>	<u>\$ 51,230,926</u>	<u>\$ 97,398</u>	<u>\$ 1,641,277</u>	<u>\$ 656,157</u>	<u>\$ (5,485,843)</u>	<u>\$ 49,080,747</u>

See notes to consolidated financial statements. 26

AMERICA'S AUTOMOTIVE TRUST
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>AAT</u>	<u>ACM</u>	<u>HELM</u>	<u>DOME</u>	<u>RPM</u>	<u>AOW</u>	<u>Eliminations</u>	<u>Total</u>
<u>ASSETS</u>								
Current Assets								
Cash and cash equivalents	\$ 243,259	\$ 1,109,074	\$ 16,115	\$ 86,628	\$ 77,075	\$ 178,255	\$ -	\$ 1,710,406
Contributions receivable, net - current	269,522	161,590	-	-	66,000	-	-	497,112
Other receivables	-	4,104	-	-	-	7,400	-	11,504
Inventory	-	28,686	-	-	-	7,903	-	36,589
Prepaid expenses	43,870	59,745	-	-	-	9,038	-	112,653
Total Current Assets	<u>556,651</u>	<u>1,363,199</u>	<u>16,115</u>	<u>86,628</u>	<u>143,075</u>	<u>202,596</u>	<u>-</u>	<u>2,368,264</u>
Long-Term and Other Assets								
Cash restricted for various purposes	-	439,509	-	-	343,266	-	-	782,775
Cash restricted for endowment	-	30,000	-	-	60,000	-	-	90,000
Investments	-	-	-	-	-	391,364	-	391,364
Contributions receivable, net - long-term	192,572	2,549,781	-	-	48,839	-	-	2,791,192
Due from related entities	-	1,520,448	86,062	879,710	-	-	(2,486,220)	-
Loan receivable from related entities	-	2,049,304	-	-	-	-	(2,049,304)	-
Property and equipment, net	-	39,417,402	-	743,670	-	3,594,558	-	43,755,630
Other assets	-	409,413	-	-	-	69,958	-	479,371
Classic and antique cars - not accessed	-	3,560,897	-	-	-	-	-	3,560,897
Total Assets	<u>\$ 749,223</u>	<u>\$ 51,339,953</u>	<u>\$ 102,177</u>	<u>\$ 1,710,008</u>	<u>\$ 595,180</u>	<u>\$ 4,258,476</u>	<u>\$ (4,535,524)</u>	<u>\$ 54,219,493</u>
<u>LIABILITIES AND NET ASSETS</u>								
Current Liabilities								
Accounts payable	\$ 56,831	\$ 135,075	\$ -	\$ 34	\$ 915	\$ 57,650	\$ -	\$ 250,505
Accrued expenses	-	250,997	-	-	-	8,970	-	259,967
Deferred membership revenue	50,322	-	-	-	-	-	-	50,322
Refundable advances	-	-	-	-	-	-	-	-
Current portion of long-term debt	12,443	530,312	-	12,149	-	1,412,870	-	1,967,774
Total Current Liabilities	<u>119,596</u>	<u>916,384</u>	<u>-</u>	<u>12,183</u>	<u>915</u>	<u>1,479,490</u>	<u>-</u>	<u>2,528,568</u>
Due to Related Entities	1,341,376	960,993	4,779	-	179,072	-	(2,486,220)	-
Loan Payable to Related Entity	-	-	-	2,049,304	-	-	(2,049,304)	-
Long-term debt, net of current portion above	447,925	5,500,582	-	505,491	-	-	-	6,453,998
Total Liabilities	<u>1,908,897</u>	<u>7,377,959</u>	<u>4,779</u>	<u>2,566,978</u>	<u>179,987</u>	<u>1,479,490</u>	<u>(4,535,524)</u>	<u>8,982,566</u>
Net Assets								
Without donor restrictions	(1,621,769)	40,768,939	97,398	(856,970)	(102,910)	2,771,586	102,910	41,159,184
With donor restrictions	462,095	3,193,055	-	-	518,103	7,400	(102,910)	4,077,743
Total Net Assets	<u>(1,159,674)</u>	<u>43,961,994</u>	<u>97,398</u>	<u>(856,970)</u>	<u>415,193</u>	<u>2,778,986</u>	<u>-</u>	<u>45,236,927</u>
Total Liabilities and Net Assets	<u>\$ 749,223</u>	<u>\$ 51,339,953</u>	<u>\$ 102,177</u>	<u>\$ 1,710,008</u>	<u>\$ 595,180</u>	<u>\$ 4,258,476</u>	<u>\$ (4,535,524)</u>	<u>\$ 54,219,493</u>

See notes to consolidated financial statements. 27

AMERICA'S AUTOMOTIVE TRUST

CONSOLIDATING STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	<u>AAT</u>	<u>ACM</u>	<u>HELM</u>	<u>DOME</u>	<u>RPM</u>	<u>AOW</u>	<u>Eliminations</u>	<u>Total</u>
Revenue and Support								
Revenue								
Admissions	\$ -	\$ 1,334,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,334,505
Memberships	85,852	-	-	-	-	-	-	85,852
Guest services	-	391,033	-	-	-	-	-	391,033
Tours and events	-	349,687	-	-	-	-	-	349,687
Other earned revenue	383,810	91,431	-	402,656	505	-	(268,736)	609,666
Total Revenue	<u>469,662</u>	<u>2,166,656</u>	<u>-</u>	<u>402,656</u>	<u>505</u>	<u>-</u>	<u>(268,736)</u>	<u>2,770,743</u>
Support								
Contributions	2,694,908	2,787,526	-	-	439,971	-	(1,463,962)	4,458,443
In-kind contributions	204,838	169,083	-	-	27,125	-	-	401,046
Total Support	<u>2,899,746</u>	<u>2,956,609</u>	<u>-</u>	<u>-</u>	<u>467,096</u>	<u>-</u>	<u>(1,463,962)</u>	<u>4,859,489</u>
Total Revenue and Support	<u>3,369,408</u>	<u>5,123,265</u>	<u>-</u>	<u>402,656</u>	<u>467,601</u>	<u>-</u>	<u>(1,732,698)</u>	<u>7,630,232</u>
Expenses								
Program services	389,333	4,290,779	-	411,289	369,704	-	(53,133)	5,407,972
Management and general	760,700	1,041,951	-	-	-	-	(215,603)	1,587,048
Fundraising	3,058,269	581	-	-	-	-	(1,463,962)	1,594,888
Total Expenses	<u>4,208,302</u>	<u>5,333,311</u>	<u>-</u>	<u>411,289</u>	<u>369,704</u>	<u>-</u>	<u>(1,732,698)</u>	<u>8,589,908</u>
Change in Net Assets Before Gains and (Losses)	<u>(838,894)</u>	<u>(210,046)</u>	<u>-</u>	<u>(8,633)</u>	<u>97,897</u>	<u>-</u>	<u>-</u>	<u>(959,676)</u>
Gains and (Losses)								
Deconsolidation of America On Wheels	-	-	-	-	-	(2,778,986)	-	(2,778,986)
Accession of classic and antique cars to collection	-	-	-	-	-	-	-	-
Change in value of interest rate swap	-	-	-	-	-	-	-	-
Gain (loss) on investments	-	-	-	-	-	-	-	-
Gain (loss) on valuation of assets	-	10,133	-	-	-	-	-	10,133
Known and estimated loss on uncollectible contributions receivable	(41,600)	(57,529)	-	-	(7,000)	-	-	(106,129)
Total Gains and (Losses)	<u>(41,600)</u>	<u>(47,396)</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>	<u>(2,778,986)</u>	<u>-</u>	<u>(2,874,982)</u>
Total Change in Net Assets	<u>(880,494)</u>	<u>(257,442)</u>	<u>-</u>	<u>(8,633)</u>	<u>90,897</u>	<u>(2,778,986)</u>	<u>-</u>	<u>(3,834,658)</u>
Net Assets - beginning of year	<u>(1,159,674)</u>	<u>43,961,994</u>	<u>97,398</u>	<u>(856,970)</u>	<u>415,193</u>	<u>2,778,986</u>	<u>-</u>	<u>45,236,927</u>
Net Assets - end of year	<u>\$ (2,040,168)</u>	<u>\$ 43,704,552</u>	<u>\$ 97,398</u>	<u>\$ (865,603)</u>	<u>\$ 506,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,402,269</u>

AMERICA'S AUTOMOTIVE TRUST

CONSOLIDATING STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	<u>AAT</u>	<u>ACM</u>	<u>HELM</u>	<u>DOME</u>	<u>RPM</u>	<u>AOW</u>	<u>Eliminations</u>	<u>Total</u>
Revenue and Support								
Revenue								
Admissions	\$ -	\$ 1,064,423	\$ -	\$ -	\$ -	\$ 84,958	\$ -	\$ 1,149,381
Memberships	126,585	-	-	-	-	-	-	126,585
Guest services	-	399,571	-	-	-	15,139	-	414,710
Tours and events	-	360,318	-	-	-	9,870	-	370,188
Other earned revenue	102,443	312,646	-	261,167	82,885	157,392	(510,835)	405,698
Total Revenue	229,028	2,136,958	-	261,167	82,885	267,359	(510,835)	2,466,562
Support								
Contributions	2,225,484	1,577,852	-	-	172,897	503,588	-	4,479,821
In-kind contributions	157,405	198,613	-	69,336	70,439	564,127	-	1,059,920
Total Support	2,382,889	1,776,465	-	69,336	243,336	1,067,715	-	5,539,741
Total Revenue and Support	2,611,917	3,913,423	-	330,503	326,221	1,335,074	(510,835)	8,006,303
Expenses								
Program services	739,832	3,518,387	-	458,330	501,521	805,132	(17,283)	6,005,919
Management and general	545,687	679,369	-	-	-	274,233	(11,252)	1,488,037
Fundraising	1,732,320	-	-	-	-	93,354	(482,300)	1,343,374
Total Expenses	3,017,839	4,197,756	-	458,330	501,521	1,172,719	(510,835)	8,837,330
Change in Net Assets Before Gains and (Losses)	(405,922)	(284,333)	-	(127,827)	(175,300)	162,355	-	(831,027)
Gains and (Losses)								
Accession of classic and antique cars to collection	-	(44,000)	-	-	-	-	-	(44,000)
Change in value of interest rate swap	-	-	-	161,083	-	-	-	161,083
Gain (loss) on investments	-	-	-	-	-	(55,047)	-	(55,047)
Gain (loss) on valuation of assets	-	(5,923)	-	-	-	-	-	(5,923)
Known and estimated loss on uncollectible contributions receivable	(109,435)	(68,757)	-	-	(12,000)	-	-	(190,192)
Total Gains and (Losses)	(109,435)	(118,680)	-	161,083	(12,000)	(55,047)	-	(134,079)
Total Change in Net Assets	(515,357)	(403,013)	-	33,256	(187,300)	107,308	-	(965,106)
Net Assets - beginning of year	(644,317)	44,365,007	97,398	(890,226)	602,493	2,671,678	-	46,202,033
Net Assets - end of year	<u>\$ (1,159,674)</u>	<u>\$43,961,994</u>	<u>\$ 97,398</u>	<u>\$ (856,970)</u>	<u>\$ 415,193</u>	<u>\$ 2,778,986</u>	<u>\$ -</u>	<u>\$45,236,927</u>