



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Consolidating Information for

LeMay – America’s Car Museum

December 31, 2015 and 2014

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

CONTENTS

	PAGE
REPORT OF INDEPENDENT AUDITORS	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statement of functional expenses	6-7
Consolidated statements of cash flows	8
Notes to consolidated financial statements	9-22
CONSOLIDATING INFORMATION	
Consolidating statement of financial position	23
Consolidating statement of activities	24

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
LeMay – America’s Car Museum

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LeMay – America’s Car Museum, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, 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.

Management’s Responsibility 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; this includes 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LeMay – America’s Car Museum as of December 31, 2015 and 2014, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Tacoma, Washington
April 26, 2016

LEMAY – AMERICA’S CAR MUSEUM
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS		December 31,	
		2015	2014
CURRENT ASSETS			
Cash and cash equivalents	\$	868,123	\$ 1,243,070
Cash and cash equivalents - restricted reserves		458,726	369,377
Contributions receivable, net - current		1,742,357	2,953,811
Other receivables		57,059	61,729
Prepaid expenses		328,373	230,648
Vehicles and other assets held for sale		502,669	475,969
Total current assets		3,957,307	5,414,604
LONG-TERM AND OTHER ASSETS			
Cash restricted for investment in property		8,891	132,839
Cash restricted for endowment		65,000	80,000
Contributions receivable, net - long-term		3,323,859	4,012,982
Note receivable		25,823,200	25,823,200
Prepaid financing costs, net		137,955	210,595
Property and equipment, net		47,373,851	48,566,240
Classic and antique cars - not accessed		6,848,347	7,563,171
		\$ 87,538,410	\$ 91,723,631
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	346,856	\$ 300,861
Accrued payroll and related taxes		306,569	275,091
Current portion of long-term debt		978,309	317,019
Total current liabilities		1,631,734	892,971
OBLIGATION UNDER INTEREST RATE SWAP		65,456	105,199
LONG-TERM DEBT, net of current portion		42,205,184	43,900,336
Total liabilities		43,902,374	44,898,506
NET ASSETS			
Unrestricted		38,373,514	39,538,627
Temporarily restricted		3,899,655	5,662,943
Permanently restricted		1,362,867	1,623,555
Total net assets		43,636,036	46,825,125
Total liabilities and net assets		\$ 87,538,410	\$ 91,723,631

LEMAY – AMERICA’S CAR MUSEUM
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT				
Revenue				
Admissions	\$ 1,416,261	\$ -	\$ -	\$ 1,416,261
Guest services	399,182	-	-	399,182
Tours and events	281,373	-	-	281,373
Interest income	455,602	-	-	455,602
Other earned revenue	368,830	-	-	368,830
Total revenue	<u>2,921,248</u>	<u>-</u>	<u>-</u>	<u>2,921,248</u>
Support				
Contributions	1,702,301	1,042,650	39,312	2,784,263
In-kind contributions	411,341	190,000	-	601,341
Special events	271,545	-	-	271,545
Total support	<u>2,385,187</u>	<u>1,232,650</u>	<u>39,312</u>	<u>3,657,149</u>
Net assets released from restrictions				
Satisfaction of time restriction	2,168,041	(2,168,041)	-	-
Satisfaction of purpose restriction	1,127,897	(1,127,897)	-	-
Transfer	-	300,000	(300,000)	-
Total net assets released from restrictions	<u>3,295,938</u>	<u>(2,995,938)</u>	<u>(300,000)</u>	<u>-</u>
Total revenue and support	<u>8,602,373</u>	<u>(1,763,288)</u>	<u>(260,688)</u>	<u>6,578,397</u>
EXPENSES				
Program services	6,612,793	-	-	6,612,793
Management and general	952,294	-	-	952,294
Fundraising	1,123,255	-	-	1,123,255
Total expenses	<u>8,688,342</u>	<u>-</u>	<u>-</u>	<u>8,688,342</u>
Change in net assets before gains (losses)	<u>(85,969)</u>	<u>(1,763,288)</u>	<u>(260,688)</u>	<u>(2,109,945)</u>
GAINS (LOSSES)				
Accession of classic and antique cars to collection	(481,000)	-	-	(481,000)
Change in value of interest rate swap	39,743	-	-	39,743
Loss on valuation of vehicles	(171,680)	-	-	(171,680)
Known and estimated loss on uncollectible contributions receivable	(466,207)	-	-	(466,207)
Total gains (losses)	<u>(1,079,144)</u>	<u>-</u>	<u>-</u>	<u>(1,079,144)</u>
CHANGE IN NET ASSETS	(1,165,113)	(1,763,288)	(260,688)	(3,189,089)
NET ASSETS, beginning of year	<u>39,538,627</u>	<u>5,662,943</u>	<u>1,623,555</u>	<u>46,825,125</u>
NET ASSETS, end of year	<u>\$ 38,373,514</u>	<u>\$ 3,899,655</u>	<u>\$ 1,362,867</u>	<u>\$ 43,636,036</u>

LEMAY – AMERICA’S CAR MUSEUM
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

	Year Ended December 31, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT				
Revenue				
Admissions	\$ 1,429,555	\$ -	\$ -	\$ 1,429,555
Guest services	447,162	-	-	447,162
Tours and events	241,424	-	-	241,424
Interest income	455,549	-	-	455,549
Other earned revenue	396,586	-	-	396,586
Total revenue	<u>2,970,276</u>	<u>-</u>	<u>-</u>	<u>2,970,276</u>
Support				
Contributions	1,562,873	2,469,536	1,541,161	5,573,570
In-kind contributions	973,207	85,000	-	1,058,207
Special events	157,607	-	-	157,607
Total support	<u>2,693,687</u>	<u>2,554,536</u>	<u>1,541,161</u>	<u>6,789,384</u>
Net assets released from restrictions				
Satisfaction of time restriction	2,322,924	(2,322,924)	-	-
Satisfaction of purpose restriction	1,192,218	(1,192,218)	-	-
Total net assets released from restrictions	<u>3,515,142</u>	<u>(3,515,142)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>9,179,105</u>	<u>(960,606)</u>	<u>1,541,161</u>	<u>9,759,660</u>
EXPENSES				
Program services	6,424,080	-	-	6,424,080
Management and general	1,051,120	-	-	1,051,120
Fundraising	1,102,210	-	-	1,102,210
Total expenses	<u>8,577,410</u>	<u>-</u>	<u>-</u>	<u>8,577,410</u>
Change in net assets before gains (losses)	<u>601,695</u>	<u>(960,606)</u>	<u>1,541,161</u>	<u>1,182,250</u>
GAINS (LOSSES)				
Change in value of interest rate swap	42,137	-	-	42,137
Loss on valuation of vehicles	(17,300)	-	-	(17,300)
Loss on valuation of donated assets	(296,280)	-	-	(296,280)
Known and estimated loss on uncollectible contributions receivable	(35,146)	-	-	(35,146)
HEP net assets acquired	125,146	444,991	72,394	642,531
Total gains (losses)	<u>(181,443)</u>	<u>444,991</u>	<u>72,394</u>	<u>335,942</u>
CHANGE IN NET ASSETS	420,252	(515,615)	1,613,555	1,518,192
NET ASSETS, beginning of year	<u>39,118,375</u>	<u>6,178,558</u>	<u>10,000</u>	<u>45,306,933</u>
NET ASSETS, end of year	<u>\$ 39,538,627</u>	<u>\$ 5,662,943</u>	<u>\$ 1,623,555</u>	<u>\$ 46,825,125</u>

See accompanying notes.

LEMAY – AMERICA’S CAR MUSEUM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2015			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,583,198	\$ 535,002	\$ 450,276	\$ 2,568,476
Payroll taxes and benefits	385,912	107,123	84,878	577,913
Total payroll expenses	1,969,110	642,125	535,154	3,146,389
Depreciation and amortization	1,342,991	21,895	2,387	1,367,273
Interest expense	751,142	-	-	751,142
In-kind expense	397,330	-	117,627	514,957
Professional fees	304,940	64,144	125,769	494,853
Advertising	322,958	-	1,181	324,139
Cultivation and events	117,257	51	91,048	208,356
Printing and publications	158,133	3,403	45,539	207,075
Exhibition cost	203,703	-	96	203,799
Repairs and maintenance	143,089	14,250	34,344	191,683
Occupancy	183,241	-	-	183,241
Scholarships	179,277	-	-	179,277
General operating	110,421	35,574	12,743	158,738
Travel and meetings	64,632	23,314	44,630	132,576
Bank and loan fees	78,779	41,022	12,550	132,351
Insurance	35,229	87,617	-	122,846
Miscellaneous	62,106	6,123	35,582	103,811
Contract services	96,503	2,418	1,016	99,937
Computer related expenses	29,058	9,940	48,103	87,101
Collection cost	59,704	325	129	60,158
Donor recognition	3,190	93	15,357	18,640
Total expenses	<u>\$ 6,612,793</u>	<u>\$ 952,294</u>	<u>\$ 1,123,255</u>	<u>\$ 8,688,342</u>

LEMAY – AMERICA’S CAR MUSEUM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

	Year Ended December 31, 2014			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,450,037	\$ 565,568	\$ 436,109	\$ 2,451,714
Payroll taxes and benefits	315,902	121,546	81,471	518,919
Total payroll expenses	1,765,939	687,114	517,580	2,970,633
Depreciation and amortization	1,440,125	57,386	3,286	1,500,797
Interest expense	806,840	94	10,793	817,727
Professional fees	398,854	87,171	39,585	525,610
In-kind expense	247,133	1,000	185,031	433,164
Exhibition cost	395,875	-	-	395,875
Occupancy	287,620	-	-	287,620
Cultivation and events	120,535	2,626	87,947	211,108
Printing and publications	133,172	8,459	47,971	189,602
Advertising	175,989	-	6,951	182,940
Repairs and maintenance	118,608	12,315	47,880	178,803
Miscellaneous	74,132	8,352	55,409	137,893
Travel and meetings	55,873	33,986	40,428	130,287
Insurance	34,220	95,255	-	129,475
General operating	75,035	34,992	4,480	114,507
Contract services	106,459	2,162	1,052	109,673
Computer related expenses	44,507	13,263	43,914	101,684
Scholarships	64,527	-	-	64,527
Bank and loan fees	48,237	5,350	1,649	55,236
Collection cost	28,351	242	315	28,908
Donor recognition	2,049	1,353	7,939	11,341
Total expenses	<u>\$ 6,424,080</u>	<u>\$ 1,051,120</u>	<u>\$ 1,102,210</u>	<u>\$ 8,577,410</u>

LEMAY – AMERICA’S CAR MUSEUM
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2015	2014
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH		
FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,189,089)	\$ 1,518,192
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,294,633	1,428,158
Amortization of prepaid financing costs	72,640	72,639
Accession of classic and antique cars to collection	481,000	-
Donated vehicles	(9,800)	(644,621)
Donated property and equipment	-	(79,329)
Known and estimated loss on contributions receivable	466,207	35,146
Loss on sale and valuation of vehicles	191,360	120,400
Loss on valuation of donated assets	-	295,000
Change in value of interest rate swap	(39,743)	(42,136)
Changes in operating assets and liabilities		
Contributions receivable	1,434,370	(1,093,373)
Other receivables	4,670	52,449
Prepaid expenses	(97,725)	199,370
Accounts payable	45,995	(3,785)
Accrued payroll and related taxes	31,478	26,278
Net cash provided by operating activities	<u>685,996</u>	<u>1,884,388</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of vehicles	26,474	-
Purchases of property and equipment	<u>(103,154)</u>	<u>(183,212)</u>
Net cash used by investing activities	<u>(76,680)</u>	<u>(183,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(1,033,862)</u>	<u>(1,100,114)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(424,546)	601,062
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,825,286</u>	<u>1,224,224</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,400,740</u>	<u>\$ 1,825,286</u>
SUPPLEMENTAL DISCLOSURES OF CASH		
Cash paid for interest	<u>\$ 816,210</u>	<u>\$ 817,727</u>

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Description of Operations

In 1998, Harold and Nancy LeMay formed The Harold E. LeMay Museum, now called LeMay – America's Car Museum, 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, café, 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.

On January 1, 2014, Hagerty Education Program (HEP), a 501(c)(3) organization formerly known as Collectors Foundation, became a 509(a)(3) supporting organization of LeMay – America's Car Museum. HEP 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. To help support the program, Hagerty Group LLC has given a lead contribution of \$1.75 million payable over five years.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation – The consolidated financial statements include the accounts of LeMay – America's Car Museum and its controlled entities, The Harold E. LeMay Museum, LeMay – Dome Parking Association and Hagerty Education Program (collectively, the Museum). All material inter-organization transactions have been eliminated in the consolidation.

Basis of Accounting – The Museum maintains its financial records using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when an obligation is incurred.

Basis of Presentation – The Museum presents its consolidated financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

Unrestricted Net Assets – Unrestricted net assets are funds controlled and designated by the board of directors for support of the Museum's operations.

Temporarily Restricted Net Assets – Temporarily restricted net assets are assets with donor-imposed restrictions that allow the use of the assets as specified or by the passage of time (see Note 3).

Permanently Restricted Net Assets – Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations, or for purposes stipulated by donors or by law (see Note 3).

Federal Income Tax – The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Harold E. LeMay Museum, LeMay Dome Parking Association and Hagerty Education Program are 509(a)(3) supporting organizations of LeMay – America's Car Museum. Net unrelated business income, if any, is subject to federal income taxes under Section 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, 2015 and 2014, the Museum is not aware of any uncertain tax positions that require accrual.

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.

Restricted Cash and Cash Equivalents – The Museum's loan agreements require that the Museum maintain restricted reserves in separate bank accounts for loan servicing and Community Development Entities (CDEs) management fees.

Contributions Receivable – Contributions receivable represent unconditional promises to give by donors and are shown net of unrealizable amounts. Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Vehicles and Other Assets Held for Sale – Other assets includes two Auguste Rodin sculptures, L'age d'airain and Petite Eve, which the Museum received from donors during the year ended December 31, 2009. These assets are currently held for sale.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments – In accordance with financial accounting standards, all financial instruments have been reviewed and, if practicable, estimated fair values have been determined. The Museum's financial instruments include cash and cash equivalents, long-term notes receivable, and long-term debt. Financial instruments are carried at their fair value except for long-term notes receivable and long-term debt. Information about the fair value of these financial instruments is included in Notes 7 and 8.

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 as explained in the revenue recognition section.

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

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. Impairment losses for the years ended December 31, 2015 and 2014 was \$156,300 and \$295,000 on the car collections and the statues held for sale, respectively.

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 8) is outstanding, the donated land may not be used as collateral. Once the HUD loan has been satisfied the land may then be utilized as collateral to fund expansion or capital improvements to the Museum.

Prepaid Financing Costs – Prepaid financing costs totaling \$510,836, which represent loan fees and costs associated with issuance of long-term debt, will be amortized through the end of the New Markets Tax Credit compliance period in May 2017. Accumulated amortization for the years ended December 31, 2015 and 2014 was \$372,881 and \$300,241, respectively.

Derivative Financial Instruments – In accordance with financial accounting standards, all derivative financial instruments are recognized in the consolidated financial statements and measured at fair value. The Museum entered into an interest rate swap contract in November 2011 in order to manage the interest rate risk on long-term borrowings. This contract is designated as a cash flow hedge and is used to reduce the exposure to possible increases in interest rates.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

Collection – The Museum’s collection consists of automobiles and other memorabilia that are held for 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.

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.

Vehicles donated to the Museum undergo a thorough evaluation to determine if 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 statement 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.

Donated Goods and Services – 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.

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

	<u>2015</u>	<u>2014</u>
Donated goods	\$ 291,515	\$ 178,632
Donated services	278,085	258,496
Donated classic and antique cars	28,178	553,150
Donated other assets	<u>3,563</u>	<u>67,929</u>
	<u>\$ 601,341</u>	<u>\$ 1,058,207</u>

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Support – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the year in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Gifts of equipment are reported as unrestricted support 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.

Advertising – The Museum expenses the costs of advertising as incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$324,139 and \$182,940, respectively.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

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, square footage, or revenue on each 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.

Subsequent Events – Subsequent events are events or transactions that occur after the consolidated financial position date but before consolidated financial statements are available to be issued. The Museum recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of consolidated financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Museum's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of consolidated financial position but arose after the consolidated financial position date and before consolidated financial statements are available to be issued.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

The Museum did not have any subsequent events through April 26, 2016, which is the date the consolidated financial statements were available to be issued, for events requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2015.

Reclassification – Certain reclassifications have been made to the prior consolidated financial statements to conform to the current presentation. Such reclassifications have no effect on previously reported change in net assets.

Note 3 – Net Assets

Unrestricted net assets are available without restriction for support of the Museum's operations.

Temporarily restricted net assets are restricted by the donor to be used for certain purposes or future periods by the Museum. Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2015</u>	<u>2014</u>
Support of future operations	\$ 2,771,758	\$ 4,097,994
Repayment of debt	910,000	1,350,538
Other programs	<u>217,897</u>	<u>214,411</u>
	<u>\$ 3,899,655</u>	<u>\$ 5,662,943</u>

Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations, or for purposes stipulated by donors. As of December 31, 2015 and 2014, the Museum had \$1,362,867 and \$1,623,555 in permanently restricted net assets, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows at December 31:

	<u>2015</u>	<u>2014</u>
Satisfaction of time restrictions	\$ 2,168,041	\$ 2,322,924
Satisfaction of purpose restrictions	<u>1,127,897</u>	<u>1,192,218</u>
	<u>\$ 3,295,938</u>	<u>\$ 3,515,142</u>

LEMAY - AMERICA'S CAR MUSEUM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Contributions Receivable

Contributions receivable were as follows as of December 31:

	<u>2015</u>	<u>2014</u>
Contributions receivable restricted to:		
Repayment of debt	\$ 520,000	\$ 1,470,000
Collection and programs	86,810	69,609
Future periods	5,802,890	6,860,444
	<u>6,409,700</u>	<u>8,400,053</u>
Less allowance for uncollectible	(44,215)	(95,889)
Less unamortized discount	<u>(1,299,269)</u>	<u>(1,337,371)</u>
Total contributions receivable, net	<u>\$ 5,066,216</u>	<u>\$ 6,966,793</u>
Contributions receivable expected to be collected in:		
Less than one year	\$ 1,742,357	\$ 2,953,811
One to five years	1,362,952	1,868,791
More than five years	<u>1,960,907</u>	<u>2,144,191</u>
Total contributions receivable	<u>\$ 5,066,216</u>	<u>\$ 6,966,793</u>

Contributions receivable due in more than one year are recorded at the present value of estimated future cash flows using discount rates from 0.65% to 2.09%. As of December 31, 2015 and 2014, 19% and 17%, respectively, of total contributions receivable was due from an individual board member. Pledges restricted to repayment of debt are pledged as collateral in connection with the U.S. Bank loans (see Note 8).

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2015 and 2014, the Museum had conditional promises to give totaling \$1,143,000 and \$1,410,000, respectively, of which \$1,050,000 is contingent upon continuing to support the education program, \$83,000 contingent on completion of certain services, and the remaining \$10,000 is contingent upon raising additional funds for the restoration of a vehicle.

Note 5 – Property and Equipment

The following represents the amounts of property and equipment for the Museum at December 31:

	<u>2015</u>	<u>2014</u>
Building	\$ 32,950,025	\$ 32,860,535
Land	14,788,191	15,210,283
Furniture and equipment	2,672,757	2,660,000
Land improvements	1,986,036	1,878,934
	<u>52,397,009</u>	<u>52,609,752</u>
Less accumulated depreciation	<u>5,023,158</u>	<u>4,043,512</u>
	<u>\$ 47,373,851</u>	<u>\$ 48,566,240</u>

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 - Property and Equipment (Continued)

Depreciation expense is \$1,294,633 and \$1,428,158 for the years ended December 31, 2015 and 2014, respectively.

Note 6 - New Markets Tax Credit Financing

As part of the financing for the construction of the museum, the Museum applied for and received \$33 million in New Markets Tax Credit (NMTC) financing. The federal NMTC's program permits individual and corporate investors to receive a tax credit against their federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The CDEs act as financial intermediaries through which investment capital flows from an investor to a qualified business located in a low-income community.

To facilitate the distribution of the tax credits, the LeMay Museum Investment Fund, LLC, a Delaware limited liability company, was established to make investor member equity contributions to three separate Delaware limited liability companies: NDC New Markets Investments XLIII, LLC; USBCDE Sub-CDE LXIII, LLC; and Consortium America XXXV, LLC. The managing members of these LLCs are CDEs and are qualified to receive NMTC allocations. In turn, the three separate Delaware limited liability companies entered into loan agreements with the Museum (see Note 8) to fund the construction of the new museum.

Note 7 - Note Receivable

Note receivable consists of a note due from the LeMay Museum Investment Fund, LLC bearing an interest rate of 1.763% per annum due monthly. Per the terms of the note, the proceeds of the note were used towards LeMay Museum Investment Fund's capital contribution to NDC New Markets Investments XLIII, LLC; USBCDE Sub-CDE LXIII, LLC; and Consortium America XXXV, LLC.

The note matures in June 2040. Interest received under this note was \$455,602 and \$455,549 for the years ended December 31, 2015 and 2014, respectively, and is included in interest income. It is not practicable to estimate the fair value of the note receivable. The instrument is a part of the Museum's New Markets Tax Credit funding. There is no market for this financial instrument.

LEMAY - AMERICA'S CAR MUSEUM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Long-Term Debt

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

	2015	2014
<p>Note payable to NDC New Markets Investment XLIII, LLC bearing interest at 1.39%. Interest only payments are due on the fifth day of each calendar month commencing on July 5, 2010 until May 27, 2017. A principal payment of \$210,000 is due on May 27, 2017. From May 27, 2017 until the note maturity date, principal payments and accrued interest shall be paid in monthly installments in an amount equal to \$57,226 with such payment commencing on July 5, 2017 and continuing on the fifth day of each calendar month until the loan maturity date in 2040.</p> <p>On the loan maturity date, the entire outstanding principal balance and accrued interest is due. The purpose of the loan was to construct the Museum. The note is secured by a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing, and Security Interest in Pledges.</p>	\$ 13,720,000	\$ 13,720,000
<p>Note payable to Consortium America XXXV, LLC bearing interest at 1.39%. Interest only payment due on the fifth day of each calendar month commencing on July 5, 2010 until May 27, 2017. From May 27, 2017 until the note maturity date principal and accrued interest shall be paid in monthly installments in an amount equal to \$58,116 with such payment commencing on July 5, 2017 and continuing on the fifth day of each calendar month until the loan maturity date in 2040.</p> <p>On the loan maturity date, the entire outstanding principal balance and accrued interest is due. The purpose of the loan was to construct the Museum. The note is secured by a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing, and Security Interest in Pledges.</p>	13,720,000	13,720,000

LEMAY - AMERICA'S CAR MUSEUM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Long-Term Debt (Continued)

	<u>2015</u>	<u>2014</u>
<p>Note payable to USBCDE Sub CDE LXIII, LLC bearing interest at 1.39%. Interest only payment due on the fifth day of each calendar month commencing on July 5, 2010 until May 27, 2017. From May 27, 2017 until the note maturity date, principal and accrued interest shall be paid in monthly installments in an amount equal to \$25,161, with such payments commencing on July 5, 2017, and continuing on the fifth day of each calendar month until the loan maturity date in 2040.</p> <p>On the loan maturity date, the entire outstanding principal balance and accrued interest is due. The purpose of the loan was to construct the Museum. The note is secured by a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing, and Security Interest in Pledges.</p>	\$ 5,940,000	\$ 5,940,000
<p>Note payable to Columbia Bank, bearing interest at 30 day LIBOR +3.25% floating (3.68% as of December 31, 2015), with a 3-year floor rate of 5%. An interest rate swap effective November 2011, sets the interest rate for \$1,500,000 of the loan at 7.3%. Interest only payment due monthly beginning July 1, 2010 for the first 17 months, followed by principal and interest due thereafter based on 20-year amortization. The note is secured by a First Deed of Trust, Assignment of rents, and commercial property.</p> <p>The commercial property is owned by a company of one of the Museum's board members and not by the Museum. In addition, the note is further secured by First Position Blanket UCC filing and Security Agreement on all Borrower's Assets, including a recorded Assignment of Rents and Leases on Tacoma Dome Parking Lots "B" and "C." The purpose of the note was to finance the addition of site improvements (extension of utilities - power, sewer, & water, and respective connection fees) for the museum, purchase and installation of exhibits, and designed parking lot upgrades to the site.</p>	2,236,502	2,307,102
<p>Note payable to US Bank National Association, bearing interest at 2.88%. Interest only payment due monthly on the fifteenth day of each month with the first such payment due on July 15, 2010. The note is guaranteed by a board member with a pledge of \$200,000. Principal payments of \$775,000 are due on May 31 of each year beginning 2012 and ending 2016 followed by the last principal payment of \$765,000 on May 31, 2017.</p>	700,000	1,450,000

LEMAY - AMERICA'S CAR MUSEUM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Long-Term Debt (Continued)

	<u>2015</u>	<u>2014</u>
Note payable to US Bank National Association, bearing interest at 2.97%. Interest only payment due monthly on the fifteenth day of each month with the first such payment due on July 15, 2010. This note is guaranteed by a pledge in the amount of \$320,000. Principal payments of \$160,000 are due on November 30 of each year beginning November 30, 2010 through November 30, 2017.	\$ 320,000	\$ 480,000
Note payable to the State of Washington Department of Commerce, Capital Programs Unit or its successor agency. The note is noninterest bearing and will be forgiven so long as the museum building is used by the Museum or its subsidiaries through May of 2020. If the Museum does not comply with this requirement, the Department of Commerce will be entitled to the unpaid principal balance of this note with interest at a rate of 5%, compounded annually.	985,000	985,000
Note payable to City of Tacoma (HUD), funded by a Community Development Block Grant Section 108 Guarantee Loan, and bearing interest of LIBOR + .95% from May 28, 2013 to May 27, 2014; LIBOR +1.45% from May 28, 2014 to May 27, 2015; LIBOR + 2.45% from May 28, 2015 to May 27, 2016; and LIBOR + 3.450% from May 28, 2016 to the August 1, 2017. Interest at December 31, 2015 was 2.88%. Interest only payments are due in the initial period, from May 28, 2010 through August 1, 2017. A principal payment of \$3.6 million is due August 1, 2017.		
The note is secured by First Lien Deed of Trust (The HUD Deed of Trust) on the Property, a first lien security interest (The "PledgeLien") 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 twenty vehicles currently included in classic and antique cars with a book value of \$2.9 million.	3,600,000	3,600,000
The Museum and the City of Tacoma entered into an agreement for utility infrastructure installation as part of the Museum's new building construction. The associated costs were to be funded through a Local Improvement District. The district was formed in 2010 and utility construction occurred during 2011. In 2013 the final assessment of \$422,092 was confirmed after a formal hearing. The amount is payable in 10 annual principal installments with interest. The first installment was due October 25, 2014. Annual interest rate will be fixed by the ordinance authorizing the issuance and sale of bonds to finance the assessment. Any payment made after the due date includes a full year's interest.	337,673	379,882

LEMAY - AMERICA'S CAR MUSEUM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Long-Term Debt (Continued)

	<u>2015</u>	<u>2014</u>
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; payable over 10 years beginning December 31, 2017. Interest on this non-interest bearing note has been imputed at a rate of 3% per annum.	\$ 1,624,318	\$ 1,590,662
Note payable to Columbia State Bank, bearing interest at 7%. Principal and interest payments are due monthly on the first day of each month with the first such payment due on November 1, 2012. Last principal and interest payment was paid on October 1, 2015.	-	44,709
Total	43,183,493	44,217,355
Less current portion of long-term debt	978,309	317,019
	<u>\$ 42,205,184</u>	<u>\$ 43,900,336</u>

Interest expense totaled \$751,142 and \$817,727 in 2015 and 2014, respectively.

Included under the terms of the bond financing 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.

Scheduled principal repayments of long-term debt are as follows:

2016	\$ 978,309
2017	7,055,216
2018	1,450,426
2019	1,467,824
2020	1,485,464
Thereafter	<u>30,746,254</u>
	<u>\$ 43,183,493</u>

Based on the borrowing rates currently available to the Museum for loans with similar terms and average maturities, the estimated fair value of long-term debt is as follows as of December 31, 2015:

	<u>Carrying Amount</u>
Long-term debt:	
Commercial mortgages	\$ 3,256,502
Government loan obligations	6,546,991
New Markets Tax Credit Obligations	33,380,000

LEMAY - AMERICA'S CAR MUSEUM
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Long-Term Debt (Continued)

It was not practicable to estimate the fair value of the Museum's long-term borrowings of government loan obligations and New Markets Tax Credit Obligations. These instruments are subordinated interest-free or low interest loans accompanied by restrictive use covenants that run with the property collateralizing the debt. There is no market for these financial instruments.

Note 9 - Third Party Credit Enhancements

Two of the Museum's board members provided the Museum's banks with additional guarantees for specific loans. One board member allowed the Museum to use his business property as collateral for a loan. The other member provided a personal guarantee beyond that of his pledge to the Museum. The Museum explored various methods for determining a fair value for these guarantees, but found these methods to be impractical and, in accordance with financial accounting standards, no value has been recorded. However, without these guarantees the Museum would not have been able to complete the financing package that funded the construction of the Museum.

Note 10 - Derivative Financial Instruments

Effective in November 2011, the Museum entered into an interest rate swap agreement which effectively converted \$1,500,000 of a variable-rate loan issue to a fixed interest rate of 7.3%. This swap agreement matures in 2017.

Under accounting standards generally accepted in the United States of America, the Museum has adopted ASC 815, *Accounting for Derivative Instruments and Hedging Activities*, which establishes accounting and reporting standards for derivative financial instruments. All derivatives, whether designated as hedging relationships or not, are required to be recorded on the balance sheet at fair value. The effective gains and losses of the cash flow hedges are recognized in the statement of activities as a change in net assets when the hedged item affects current period earnings. The fair value of the interest rate swap is based on current market price.

For the years ended December 31, 2015 and 2014, variable interest rates have fluctuated, resulting in the recording of a total interest rate swap liability of \$65,456 and \$105,199, respectively.

Interest incurred and paid under this swap agreement is as follows:

	<u>2015</u>	<u>2014</u>
Interest incurred at variable rate	\$ 47,584	\$ 48,661
Additional interest incurred at fixed rate	<u>53,669</u>	<u>55,619</u>
Interest paid at fixed rate of 7.3%	<u>\$ 101,253</u>	<u>\$ 104,280</u>

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 - 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, 2015 and 2014, the Museum contributed \$78,703 and \$57,082, respectively, in matching contributions. The Museum also provides a nonqualified, non-matching, deferred compensation plan open to certain senior management.

Note 12 - Commitments

Option Agreement - 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.

Lease Agreement - The Museum leased auto storage space in Kirkland, Washington under an operating lease agreement that expired January 2015. Total lease payments were \$5,760 and \$84,215 for the years ended December 31, 2015 and 2014, respectively.

Line of Credit Agreement - On January 30, 2015 the Museum renewed their \$500,000 revolving line of credit under the previous terms. The revolving line of credit now matures on July 15, 2016. Bank advances on the line of credit are payable on demand and carry interest at 1.75 percentage points over the bank's base rate but not less than 5% per annum. The line of credit is collateralized by the general assets of the Museum and guaranteed by a member of its Board of Directors. There was no balance at December 31, 2015 and 2014.

CONSOLIDATING INFORMATION

LEMAY-AMERICA'S CAR MUSEUM
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS	<u>ACM</u>	<u>HELM</u>	<u>DOME</u>	<u>HEP</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS						
Cash and cash equivalents	\$ 94,617	\$ 216,427	\$ 56,431	\$ 500,648	\$ -	\$ 868,123
Cash and cash equivalents - restricted reserves	262,395	184,767	-	11,564	-	458,726
Contributions receivable, net - current	1,531,405	-	-	210,952	-	1,742,357
Other receivables	57,059	-	-	-	-	57,059
Due from related entities	4,440,746	-	613,325	-	(5,054,071)	-
Prepaid expenses	328,373	-	-	-	-	328,373
Vehicles and other assets held for sale	502,669	-	-	-	-	502,669
Total current assets	<u>7,217,264</u>	<u>401,194</u>	<u>669,756</u>	<u>723,164</u>	<u>(5,054,071)</u>	<u>3,957,307</u>
LONG-TERM AND OTHER ASSETS						
Cash restricted for investment in property	8,891	-	-	-	-	8,891
Cash restricted for endowment	20,000	-	-	45,000	-	65,000
Contributions receivable, net - long-term	3,155,763	-	-	168,096	-	3,323,859
Note receivable	25,823,200	-	-	-	-	25,823,200
Prepaid financing costs, net	25,879	99,429	12,647	-	-	137,955
Property and equipment, net	9,032,968	36,744,397	1,596,486	-	-	47,373,851
Investment in related entities	612,605	-	-	-	(612,605)	-
Classic and antique cars - not accessed	6,848,347	-	-	-	-	6,848,347
	<u>\$ 52,744,917</u>	<u>\$ 37,245,020</u>	<u>\$ 2,278,889</u>	<u>\$ 936,260</u>	<u>\$ (5,666,676)</u>	<u>\$ 87,538,410</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 235,801	\$ 80,882	\$ 20,329	\$ 9,844	\$ -	\$ 346,856
Due to related entities	-	5,051,855	-	2,216	(5,054,071)	-
Accrued payroll and related taxes	284,204	-	22,365	-	-	306,569
Current portion of long-term debt	860,000	24,001	94,308	-	-	978,309
Total current liabilities	<u>1,380,005</u>	<u>5,156,738</u>	<u>137,002</u>	<u>12,060</u>	<u>(5,054,071)</u>	<u>1,631,734</u>
OBLIGATION UNDER INTEREST RATE SWAP	-	-	65,456	-	-	65,456
LONG-TERM DEBT, net of current portion	<u>4,745,000</u>	<u>35,172,325</u>	<u>2,287,859</u>	<u>-</u>	<u>-</u>	<u>42,205,184</u>
Total liabilities	<u>6,125,005</u>	<u>40,329,063</u>	<u>2,490,317</u>	<u>12,060</u>	<u>(5,054,071)</u>	<u>43,902,374</u>
NET ASSETS						
Unrestricted	41,792,997	(3,084,043)	(211,428)	488,593	(612,605)	38,373,514
Temporarily restricted	3,596,046	-	-	303,609	-	3,899,655
Permanently restricted	1,230,869	-	-	131,998	-	1,362,867
Total net assets	<u>46,619,912</u>	<u>(3,084,043)</u>	<u>(211,428)</u>	<u>924,200</u>	<u>(612,605)</u>	<u>43,636,036</u>
Total liabilities and net assets	<u>\$ 52,744,917</u>	<u>\$ 37,245,020</u>	<u>\$ 2,278,889</u>	<u>\$ 936,260</u>	<u>\$ (5,666,676)</u>	<u>\$ 87,538,410</u>

LEMAY-AMERICA'S CAR MUSEUM
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	ACM	HELM	DOME	HEP	Eliminations	Total
REVENUE AND SUPPORT						
Admissions	\$ 1,416,261	\$ -	\$ -	\$ -	\$ -	\$ 1,416,261
Guest services	399,182	-	-	-	-	399,182
Tours and events	281,373	-	-	-	-	281,373
Interest income	455,602	-	-	-	-	455,602
Other earned revenue	286,731	590,000	320,197	5	(828,103)	368,830
Contributions	2,232,441	-	-	551,822	-	2,784,263
In-kind contributions	601,341	-	-	-	-	601,341
Special events	271,545	-	-	-	-	271,545
Total revenue and support	<u>5,944,476</u>	<u>590,000</u>	<u>320,197</u>	<u>551,827</u>	<u>(828,103)</u>	<u>6,578,397</u>
EXPENSES						
Program services	4,994,712	1,405,942	483,431	556,811	(828,103)	6,612,793
Management and general	952,294	-	-	-	-	952,294
Fundraising	1,123,255	-	-	-	-	1,123,255
Total expenses	<u>7,070,261</u>	<u>1,405,942</u>	<u>483,431</u>	<u>556,811</u>	<u>(828,103)</u>	<u>8,688,342</u>
Change in net assets before gains (losses)	<u>(1,125,785)</u>	<u>(815,942)</u>	<u>(163,234)</u>	<u>(4,984)</u>	<u>-</u>	<u>(2,109,945)</u>
GAINS (LOSSES)						
Deaccession of classic and antique cars to collection	(481,000)	-	-	-	-	(481,000)
Change in value of interest rate swap	-	-	39,743	-	-	39,743
Loss on valuation of vehicles	(171,680)	-	-	-	-	(171,680)
Known and estimated loss on uncollectible contributions receivable	(459,958)	-	-	(6,249)	-	(466,207)
Total gains (losses)	<u>(1,112,638)</u>	<u>-</u>	<u>39,743</u>	<u>(6,249)</u>	<u>-</u>	<u>(1,079,144)</u>
CHANGE IN NET ASSETS	(2,238,423)	(815,942)	(123,491)	(11,233)	-	(3,189,089)
NET ASSETS, beginning of year	<u>48,858,335</u>	<u>(2,268,101)</u>	<u>(87,937)</u>	<u>935,433</u>	<u>(612,605)</u>	<u>46,825,125</u>
NET ASSETS, end of year	<u>\$ 46,619,912</u>	<u>\$ (3,084,043)</u>	<u>\$ (211,428)</u>	<u>\$ 924,200</u>	<u>\$ (612,605)</u>	<u>\$ 43,636,036</u>