

LEMAY - AMERICA'S CAR MUSEUM

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2018 AND 2017



AMERICA'S CAR MUSEUM®

LEMAY - AMERICA'S CAR MUSEUM

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

April 25, 2019

Board of Directors
LeMay - America's Car Museum
Tacoma, Washington

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, 2018 and 2017, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 audit 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 in the first paragraph of this letter present fairly, in all material respects, the financial position of LeMay - America's Car Museum as of December 31, 2018 and 2017, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position as of December 31, 2018 and 2017 and consolidating statements of activities for the years then ended 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 consolidating financial statements are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Jacobson Jarvis & Co, PLLC

LEMAY - AMERICA'S CAR MUSEUM

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 783,509	\$ 1,278,480
Contributions receivable, net - current	528,322	820,522
Other receivables	1,315,966	822,118
Prepaid expenses	<u>171,885</u>	<u>190,861</u>
Total Current Assets	2,799,682	3,111,981
Long-Term and Other Assets		
Cash restricted for investment in exhibitions	225,914	390,468
Cash restricted for endowment	80,053	80,000
Contributions receivable, net - long-term	2,127,495	1,256,668
Property and equipment, net	44,737,522	45,697,854
Other assets	438,769	438,769
Classic and antique cars - not accessed	4,497,097	5,016,846
Collection (Note C)	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 54,906,532</u>	<u>\$ 55,992,586</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 92,713	\$ 227,336
Accrued payroll and related taxes	335,342	332,859
Current portion of long-term debt	<u>340,209</u>	<u>329,809</u>
Total Current Liabilities	768,264	890,004
Interest Rate Swap Value	22,791	78,270
Debt, net of current portion above	<u>8,127,887</u>	<u>8,445,658</u>
Total Liabilities	<u>8,918,942</u>	<u>9,413,932</u>
Net Assets		
Without donor restrictions	42,704,977	43,527,248
With donor restrictions	<u>3,282,613</u>	<u>3,051,406</u>
Total Net Assets	<u>45,987,590</u>	<u>46,578,654</u>
Total Liabilities and Net Assets	<u>\$ 54,906,532</u>	<u>\$ 55,992,586</u>

LEMAY - AMERICA'S CAR MUSEUM

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Revenue						
Admissions	\$ 1,124,315		\$ 1,124,315	\$ 1,164,381		\$ 1,164,381
Guest services	290,460		290,460	296,906		296,906
Tours and events	334,398		334,398	321,431		321,431
Interest income	1,105		1,105	188,947		188,947
Other earned revenue	421,523		421,523	651,050		651,050
Total Revenue	<u>2,171,801</u>		<u>2,171,801</u>	<u>2,622,715</u>		<u>2,622,715</u>
Support						
Contributions	550,108	\$ 2,048,686	2,598,794	827,597	\$ 1,620,861	2,448,458
In-kind contributions	264,199	110,759	374,958	210,711	45,251	255,962
Total Support	<u>814,307</u>	<u>2,159,445</u>	<u>2,973,752</u>	<u>1,038,308</u>	<u>1,666,112</u>	<u>2,704,420</u>
Net Assets Released from Restrictions						
Satisfaction of time restriction	454,579	(454,579)	-	974,617	(974,617)	-
Satisfaction of purpose restriction	1,473,538	(1,473,538)	-	1,772,302	(1,772,302)	-
Total Net Assets Released from Restrictions	<u>1,928,117</u>	<u>(1,928,117)</u>	<u>-</u>	<u>2,746,919</u>	<u>(2,746,919)</u>	<u>-</u>
Total Revenue and Support	<u>4,914,225</u>	<u>231,328</u>	<u>5,145,553</u>	<u>6,407,942</u>	<u>(1,080,807)</u>	<u>5,327,135</u>
Expenses						
Program services	4,607,850		4,607,850	4,363,556		4,363,556
Management and general	599,688		599,688	662,821		662,821
Fundraising	158,625		158,625	181,080		181,080
Total Expenses	<u>5,366,163</u>		<u>5,366,163</u>	<u>5,207,457</u>		<u>5,207,457</u>
Change in Net Assets Before Gains and (Losses)	<u>(451,938)</u>	<u>231,328</u>	<u>(220,610)</u>	<u>1,200,485</u>	<u>(1,080,807)</u>	<u>119,678</u>
Gains and (Losses)						
Gain on unwind of new markets tax credit financing	-		-	7,346,800		7,346,800
Accession of classic and antique cars to collection	(455,249)		(455,249)	(699,500)		(699,500)
Change in value of interest rate swap	55,479		55,479	(56,217)		(56,217)
Loss on valuation of vehicles	(7,354)		(7,354)	(3,000)		(3,000)
Known and estimated recovery (loss) on uncollectible contributions receivable	36,791	(121)	36,670	(4,571)	(249,180)	(253,751)
Total Gains and (Losses)	<u>(370,333)</u>	<u>(121)</u>	<u>(370,454)</u>	<u>6,583,512</u>	<u>(249,180)</u>	<u>6,334,332</u>
Change in Net Assets	<u>(822,271)</u>	<u>231,207</u>	<u>(591,064)</u>	<u>7,783,997</u>	<u>(1,329,987)</u>	<u>6,454,010</u>
Net Assets - beginning of year	<u>43,527,248</u>	<u>3,051,406</u>	<u>46,578,654</u>	<u>35,743,251</u>	<u>4,381,393</u>	<u>40,124,644</u>
Net Assets - end of year	<u>\$ 42,704,977</u>	<u>\$ 3,282,613</u>	<u>\$ 45,987,590</u>	<u>\$ 43,527,248</u>	<u>\$ 3,051,406</u>	<u>\$ 46,578,654</u>

See notes to consolidated financial statements. 5

LEMAY - AMERICA'S CAR MUSEUM

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,503,255	\$ 272,023	\$ -	\$ 1,775,278	\$ 1,330,725	\$ 335,823	\$ -	\$ 1,666,548
Payroll taxes and benefits	380,642	59,293	-	439,935	323,427	70,755	-	394,182
Total payroll expenses	1,883,897	331,316	-	2,215,213	1,654,152	406,578	-	2,060,730
Depreciation	1,335,904	3,091	-	1,338,995	1,202,526	5,353	-	1,207,879
Interest expense	258,630	-	-	258,630	366,242	-	-	366,242
Grants and scholarships	197,951	-	-	197,951	218,293	-	-	218,293
Affiliated entity payments	-	15,092	158,625	173,717	-	-	181,080	181,080
Professional fees	77,516	62,740	-	140,256	132,444	90,115	-	222,559
Repairs and maintenance	116,013	14,644	-	130,657	72,623	13,489	-	86,112
Insurance	43,065	78,518	-	121,583	39,230	78,958	-	118,188
In-kind expense	115,081	2,090	-	117,171	75,718	1,329	-	77,047
Occupancy	95,645	-	-	95,645	90,881	-	-	90,881
General operating	67,005	21,012	-	88,017	58,382	28,753	-	87,135
Bank and loan fees	78,855	4,844	-	83,699	108,779	3,951	-	112,730
Exhibition cost	79,376	-	-	79,376	105,905	-	-	105,905
Contract services	75,468	3,204	-	78,672	71,042	2,855	-	73,897
Travel and meetings	46,087	12,800	-	58,887	44,197	8,760	-	52,957
Miscellaneous	19,907	26,400	-	46,307	20,402	7,571	-	27,973
Computer related expenses	22,495	20,010	-	42,505	21,101	12,662	-	33,763
Printing and publications	37,219	1,427	-	38,646	34,724	2,447	-	37,171
Collection cost	28,082	-	-	28,082	16,148	-	-	16,148
Advertising	16,080	-	-	16,080	16,936	-	-	16,936
Cultivation and events	13,574	2,500	-	16,074	13,831	-	-	13,831
Total expenses	<u>\$ 4,607,850</u>	<u>\$ 599,688</u>	<u>\$ 158,625</u>	<u>\$ 5,366,163</u>	<u>\$ 4,363,556</u>	<u>\$ 662,821</u>	<u>\$ 181,080</u>	<u>\$ 5,207,457</u>

LEMAY - AMERICA'S CAR MUSEUM

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash received from:		
Guests	\$ 1,749,173	\$ 1,782,718
Donors	1,732,746	3,064,461
Other income	419,359	706,804
Interest income	1,105	188,947
Cash paid for:		
Personnel	(2,212,730)	(2,034,578)
Services and supplies	(1,123,297)	(1,278,813)
Affiliated entity	(341,310)	(999,938)
Interest	<u>(236,192)</u>	<u>(300,926)</u>
Net Cash (Used) Provided by Operating Activities	<u>(11,146)</u>	<u>1,128,675</u>
Cash Flows from Investing Activities		
Proceeds from sales of vehicles	57,750	5,000
Purchases of property and equipment	<u>(376,267)</u>	<u>(555,050)</u>
Net Cash Used by Investing Activities	<u>(318,517)</u>	<u>(550,050)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	-	389,736
Repayment of long-term debt	<u>(329,809)</u>	<u>(682,609)</u>
Net Cash Used by Financing Activities	<u>(329,809)</u>	<u>(292,873)</u>
Net Change in Cash and Cash Equivalents	(659,472)	285,752
Cash and Cash Equivalents, beginning of year	<u>1,748,948</u>	<u>1,463,196</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,089,476</u>	<u>\$ 1,748,948</u>

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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, formerly Hagerty Education Program, a 501(c)(3) organization, became a 509(a)(3) supporting organization of LeMay - America's Car Museum. 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. To help support the program, Hagerty Group LLC has given a lead contribution of \$1.75 million payable over five years.

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 RPM Foundation (collectively, the Museum). All material inter-organization transactions have been eliminated in the consolidation.

Adoption of new accounting pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Museum has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

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.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

There were no assets measured at fair value on a recurring basis as of December 31, 2018 or 2017. 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.

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 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.

Other assets

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. While it is the Museum's intent to sell these assets, they are not being actively held for sale at this time.

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.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>2018</u>	<u>2017</u>
Building	\$ 33,981,591	\$ 33,931,466
Building improvements	1,351,843	1,351,843
Furniture and equipment	<u>3,397,915</u>	<u>3,092,253</u>
	38,731,349	38,375,562
Less accumulated depreciation	<u>(8,782,018)</u>	<u>(7,465,899)</u>
	29,949,331	30,909,663
Land	<u>14,788,191</u>	<u>14,788,191</u>
	<u>\$ 44,737,522</u>	<u>\$ 45,697,854</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. Impairment losses for the years ended December 31, 2018 and 2017, were \$0 and \$3,000, respectively, on the classic and antique cars.

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 H) 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.

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 May 2017 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

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>2018</u>	<u>2017</u>
Donated goods	\$ 134,985	\$ 30,147
Donated services	67,349	35,815
Donated services from America's Automotive Trust	158,624	-
Donated classic and antique cars	<u>14,000</u>	<u>190,000</u>
	<u>\$ 374,958</u>	<u>\$ 255,962</u>

Advertising

The Museum expenses the costs of advertising as incurred. Advertising expense for the years ended December 31, 2018 and 2017, was \$16,080 and \$16,936, respectively.

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.

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 RPM Foundation 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 Sections 512 and 514. Taxes paid, if any, are immaterial to the Museum.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018, 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.

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 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 which 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.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE B - LIQUIDITY

The table below presents financial assets available for general expenditures within one year at December 31, 2018:

Total Cash and receivables	\$ 5,061,259
Less: Amounts due from America's Automotive Trust	(1,310,542)
Less: Current promises to give in-kind	<u>(102,277)</u>
Total financial assets	3,648,440
Less Donor-imposed restrictions:	
Purpose restricted	(337,014)
Time restricted to future periods of more than one year	(701,729)
Endowments	<u>(1,505,819)</u>
Net financial assets after donor-imposed restrictions	1,103,878
Less Internal designations:	
Proceeds from sale of collection held for purchase of collection items	(170,480)
Board Designated reserve for debt reduction	<u>(385,825)</u>
Financial assets available to meet cash needs	<u>\$ 547,573</u>

NOTE C - 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 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.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE C - COLLECTION (Continued)

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 D - AMERICA'S AUTOMOTIVE TRUST

On January 1, 2017, America's Automotive Trust (AAT), a Washington not-for-profit corporation independent of the Museum, 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.

Effective January 1, 2017, the primary fundraising functions of the Museum were transferred to AAT. The funds raised by AAT will be used in part to make grants to entities like LeMay - America's Car Museum throughout the United States. During 2018 and 2017, AAT raised approximately \$2.7 million and \$1.1 million, respectively.

During 2018 and 2017, the Museum performed certain administrative functions for AAT including accounting, financial reporting and payroll processing. As of December 31, 2018, AAT owed the Museum \$1,310,542 relating to costs incurred by the Museum on AAT's behalf. The Museum incurred \$173,717 and \$181,080 in affiliated entity payments related to fundraising and administrative activities performed by AAT on the Museum's behalf for the years ended December 31, 2018 and 2017, respectively.

NOTE E - 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 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 (the Investment Fund), a Delaware limited liability company, was established to make investor member equity contributions to three separate Delaware limited liability companies: NOC New Markets Investments XLIII, LLC; USBCDE Sub-COE LXIII, LLC; and Consortium America XXXV, LLC.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE E - NEW MARKETS TAX CREDIT FINANCING (Continued)

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 to fund the construction of the new museum.

In May 2017, pursuant to the original project documents, all management and servicing agreements between the parties were terminated. Simultaneously, LeMay - America's Car Museum purchased (for \$1,000) U.S. Bancorp Community Development Corporation's interest in the Investment Fund under a "put/call" option as provided under the original project documents, thereby becoming the sole member of the Investment Fund.

In May 2017, subsequent to the unwind of the project, the notes payable of \$33,380,000 and notes receivable of \$25,823,200 among the parties were forgiven. The resulting gain on the unwind was \$7,346,800, as presented on the consolidated statement of activities. Simultaneously with the merger, the Investment Fund was dissolved through a Certificate of Cancellation submitted by LeMay - America's Car Museum under Delaware law.

Note receivable consisted 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 NOC New Markets Investments XLIII, LLC; USBCDE Sub-COE LXIII, LLC; and Consortium America XXXV, LLC.

NOTE F - CONTRIBUTIONS RECEIVABLE

Contributions receivable due in more than one year are recorded at the present value of estimated future cash flows using discount rates from 1.90% to 3.86%. As of December 31, 2018, 58% of total contributions receivable were due from two individual board members.

Contributions receivable were as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Contributions receivable restricted to:		
Endowment	\$ 2,207,371	\$ 1,000,000
Programs and exhibits	315,000	200,000
Future periods	<u>1,280,122</u>	<u>1,687,227</u>
	3,802,493	2,887,227
Less allowance for uncollectible	(35,056)	(71,847)
Less unamortized discount	<u>(1,111,620)</u>	<u>(738,190)</u>
Total contributions receivable, net	<u>\$ 2,655,817</u>	<u>\$ 2,077,190</u>

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE F - CONTRIBUTIONS RECEIVABLE (Continued)

Contributions receivable expected to be collected in:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 528,322	\$ 820,522
One to five years	466,800	466,705
More than five years	<u>2,807,371</u>	<u>1,600,000</u>
Total contributions receivable	<u>\$ 3,802,493</u>	<u>\$ 2,887,227</u>

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2018, the Museum had one conditional promise to give totaling \$34,116 which is contingent on product availability.

NOTE G - NOTE RECEIVABLE

As a result of LeMay - America's Car Museum's purchase of U.S. Bancorp Community Development Corporation's interest in the Investment Fund as noted above, this note receivable of \$25,823,200 between the parties was forgiven. Interest received under this note was \$188,482 for the year ended December 31, 2017 and is included in interest income.

NOTE H - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2018</u>	<u>2017</u>
Note payable to Columbia Bank, bearing interest at 30 day LIBOR +2.5% floating (4.8% as of December 31, 2018). An interest rate swap effective May 2017 sets the interest rate for the loan at 5.15%. The note is secured by a first deed of trust, assignment of rents, and commercial property. 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 a first position blanket UCC filing and security agreement on all of the borrower's assets, including a recorded assignment of rents and leases on the Museum's Lots "B" and "C". The loan requires monthly principal and interest payments starting July 1, 2017 through maturity date of May 1, 2027.	\$ 2,423,200	\$ 2,474,800

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE H - LONG-TERM DEBT (Continued)	<u>2018</u>	<u>2017</u>
<p>Note payable to City of Tacoma (HUD), funded by a Community Development Block Grant Section 108 Guarantee Loan, and bearing interest of LIBOR + 3.45% through August 2017 and LIBOR + 0.7% (3.0% as of December 31, 2018) 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 1st, through maturity on August 1, 2029.</p> <p>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 nineteen vehicles currently included in classic and antique cars with a book value of \$2.9 million.</p>	3,146,000	3,382,000
<p>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.</p>	211,046	253,255
<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 3% per annum.</p>	1,702,850	1,680,412

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE H - LONG-TERM DEBT (Continued)	<u>2018</u>	<u>2017</u>
Note payable to the State of Washington Department of Commerce, Capital Programs Unit or its successor agency. The note is non-interest 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.	<u>985,000</u>	<u>985,000</u>
Total	8,468,096	8,775,467
Less current portion of long-term debt	<u>(340,209)</u>	<u>(329,809)</u>
	<u>\$ 8,127,887</u>	<u>\$ 8,445,658</u>

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

2019	\$ 340,209
2020	1,335,209
2021	361,209
2022	572,663
2023	584,264
Thereafter	<u>5,274,542</u>
	<u>\$ 8,468,096</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.

NOTE I - THIRD PARTY CREDIT ENHANCEMENTS

One of the Museum's board members provided the Museum's bank with additional guarantees for a specific loan. The board member allowed the Museum to use his business property as collateral for the loan and provided his personal guarantee. 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.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows at June 30:	<u>2018</u>	<u>2017</u>
Subject to expenditure for specific purpose:		
Available for future periods	\$ 849,896	\$ 1,194,202
RPM Foundation activities	648,437	509,404
Other programs	<u>278,461</u>	<u>668,307</u>
	<u>1,776,794</u>	<u>2,371,913</u>
Endowments:		
Subject to endowment spending policy and appropriation:	-	-
Not subject to spending policy or appropriation:		
Promises to give	2,207,371	1,000,000
Discount to net present value	<u>(781,605)</u>	<u>(400,507)</u>
	1,425,766	599,493
Promises to give, net		
Cash and cash equivalents	<u>80,053</u>	<u>80,000</u>
	<u>1,505,819</u>	<u>679,493</u>
Total net assets with donor restrictions	<u>\$ 3,282,613</u>	<u>\$ 3,051,406</u>

NOTE L - 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, 2018 and 2017, the Museum contributed \$59,163 and \$60,767, respectively, in matching contributions. The Museum also provides a nonqualified, non-matching, deferred compensation plan open to certain senior management.

NOTE K - DERIVATIVE FINANCIAL INSTRUMENTS

Effective in November 2011, the Museum entered into an interest rate swap agreement that effectively converted \$1,500,000 of a variable-rate loan issue to a fixed interest rate of 7.3%. The loan was refinanced in May 2017 and a new swap agreement was entered into with an effective date of June 1, 2017 and a fixed interest rate of 5.15%

In accordance with financial accounting standards, all derivatives, whether designated as hedging relationships or not, are required to be recorded on the consolidated statement of financial position at fair value. The effective gains and losses of the cash flow hedges are recognized in the consolidated 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.

LEMAY - AMERICA'S CAR MUSEUM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE K - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

For the years ended December 31, 2018 and 2017, variable interest rates have fluctuated, resulting in the recording of a total interest rate swap liability of \$22,791 and \$78,270, respectively. Interest incurred and paid under this swap agreement is as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest incurred at variable rate	\$ 109,290	\$ 73,402
Additional interest incurred at fixed rate	<u>18,712</u>	<u>39,337</u>
Interest paid at fixed rates of 5.15% and 7.3%	<u>\$ 128,002</u>	<u>\$ 112,739</u>

NOTE M - 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 which expires August 2027.

Line of credit agreement

On October 15, 2018, the Museum renewed its \$500,000 revolving line of credit under the previous terms. The revolving line of credit matures on October 15, 2019. 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 outstanding at December 31, 2018.

Copier lease

On February 25, 2019, the Museum renewed its copier lease for five years with monthly payments of \$378.

NOTE N - 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.

Subsequent events were evaluated through April 25, 2019, 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, 2018.

SUPPLEMENTARY INFORMATION

LEMAY - AMERICA'S CAR MUSEUM

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	2018						2017					
	ACM	HELM	DOME	RPM	Eliminations	Total	ACM	HELM	DOME	RPM	Eliminations	Total
ASSETS												
Current Assets												
Cash and cash equivalents	\$ 312,019	\$ 18,573	\$ 81,006	\$ 371,911	\$ -	\$ 783,509	\$ 646,169	\$ 123,304	\$ 63,624	\$ 445,383	\$ -	\$ 1,278,480
Contributions receivable, net - current	391,928	-	-	136,394	-	528,322	713,074	-	25,000	82,448	-	820,522
Other receivables	1,315,966	-	-	-	-	1,315,966	820,523	-	-	1,595	-	822,118
Prepaid expenses	171,885	-	-	-	-	171,885	188,091	-	-	2,770	-	190,861
Total Current Assets	2,191,798	18,573	81,006	508,305	-	2,799,682	2,367,857	123,304	88,624	532,196	-	3,111,981
Long-Term and Other Assets												
Cash restricted for investment in exhibitions	225,914	-	-	-	-	225,914	390,468	-	-	-	-	390,468
Cash restricted for endowment	20,000	-	-	60,053	-	80,053	20,000	-	-	60,000	-	80,000
Contributions receivable, net - long-term	1,833,959	-	50,000	243,536	-	2,127,495	1,167,866	-	25,000	63,802	-	1,256,668
Due from related entities	21,600	86,062	901,377	-	(1,009,039)	-	2,388	-	1,082,057	-	(1,084,445)	-
Property and equipment, net	43,431,814	-	1,305,708	-	-	44,737,522	44,261,670	-	1,436,184	-	-	45,697,854
Other assets	438,769	-	-	-	-	438,769	438,769	-	-	-	-	438,769
Classic and antique cars - not accessed	4,497,097	-	-	-	-	4,497,097	5,016,846	-	-	-	-	5,016,846
Total Assets	\$ 52,660,951	\$ 104,635	\$ 2,338,091	\$ 811,894	\$ (1,009,039)	\$ 54,906,532	\$ 53,665,864	\$ 123,304	\$ 2,631,865	\$ 655,998	\$ (1,084,445)	\$ 55,992,586
LIABILITIES AND NET ASSETS												
Current Liabilities												
Accounts payable	\$ 54,107	\$ -	\$ 18,164	\$ 20,442	\$ -	\$ 92,713	\$ 191,715	\$ 36	\$ 11,063	\$ 24,522	\$ -	\$ 227,336
Accrued payroll and related taxes	264,764	-	70,578	-	-	335,342	286,512	-	46,347	-	-	332,859
Current portion of long-term debt	268,001	-	72,208	-	-	340,209	260,001	-	69,808	-	-	329,809
Total Current Liabilities	586,872	-	160,950	20,442	-	768,264	738,228	36	127,218	24,522	-	890,004
Interest Rate Swap Value	-	-	22,791	-	-	22,791	-	-	78,270	-	-	78,270
Due to Related Entities	925,439	4,779	57,221	21,600	(1,009,039)	-	836,853	79,366	166,059	2,167	(1,084,445)	-
Debt, net of current portion above	5,685,854	-	2,442,033	-	-	8,127,887	5,931,417	-	2,514,241	-	-	8,445,658
Total Liabilities	7,198,165	4,779	2,682,995	42,042	(1,009,039)	8,918,942	7,506,498	79,402	2,885,788	26,689	(1,084,445)	9,413,932
Net Assets												
Without donor restrictions	42,973,988	99,856	(368,867)	271,853	(271,853)	42,704,977	43,812,269	43,902	(328,923)	424,569	(424,569)	43,527,248
With donor restrictions	2,488,798	-	23,963	497,999	271,853	3,282,613	2,347,097	-	75,000	204,740	424,569	3,051,406
Total Net Assets	45,462,786	99,856	(344,904)	769,852	-	45,987,590	46,159,366	43,902	(253,923)	629,309	-	46,578,654
Total Liabilities and Net Assets	\$ 52,660,951	\$ 104,635	\$ 2,338,091	\$ 811,894	\$ (1,009,039)	\$ 54,906,532	\$ 53,665,864	\$ 123,304	\$ 2,631,865	\$ 655,998	\$ (1,084,445)	\$ 55,992,586

LEMAY - AMERICA'S CAR MUSEUM

CONSOLIDATING STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018						2017					
	ACM	HELM	DOVE	RPM	Eliminations	Total	ACM	HELM	DOVE	RPM	Eliminations	Total
Revenue and Support												
Revenue												
Admissions	\$ 1,124,315	\$ -	\$ -	\$ -	\$ -	\$ 1,124,315	\$ 1,164,381	\$ -	\$ -	\$ -	\$ -	\$ 1,164,381
Guest services	290,460	-	-	-	-	290,460	296,906	-	-	-	-	296,906
Tours and events	334,398	-	-	-	-	334,398	321,431	-	-	-	-	321,431
Interest income	1,105	-	-	-	-	1,105	188,947	-	-	-	-	188,947
Other earned revenue	52,557	60,231	342,796	177	(34,238)	421,523	58,507	402,480	478,559	1,337	(289,833)	651,050
Total Revenue	1,802,835	60,231	342,796	177	(34,238)	2,171,801	2,030,172	402,480	478,559	1,337	(289,833)	2,622,715
Support												
Contributions	1,768,428	-	-	830,366	-	2,598,794	1,815,900	-	75,000	557,558	-	2,448,458
In-kind contributions	264,199	-	-	110,759	-	374,958	210,711	-	-	45,251	-	255,962
Total Support	2,032,627	-	-	941,125	-	2,973,752	2,026,611	-	75,000	602,809	-	2,704,420
Total Revenue and Support	3,835,462	60,231	342,796	941,302	(34,238)	5,145,553	4,056,783	402,480	553,559	604,146	(289,833)	5,327,135
Expenses												
Program services	3,388,618	4,277	489,256	744,845	(19,146)	4,607,850	3,240,987	288,517	459,944	663,941	(289,833)	4,363,556
Management and general	584,596	-	-	30,184	(15,092)	599,688	662,821	-	-	-	-	662,821
Fundraising	133,385	-	-	25,240	-	158,625	166,080	-	-	15,000	-	181,080
Total Expenses	4,106,599	4,277	489,256	800,269	(34,238)	5,366,163	4,069,888	288,517	459,944	678,941	(289,833)	5,207,457
Change in Net Assets Before Gains and (Losses)	(271,137)	55,954	(146,460)	141,033	-	(220,610)	(13,105)	113,963	93,615	(74,795)	-	119,678
Gains and (Losses)												
Gain on unwind of new markets tax credit financing	-	-	-	-	-	-	3,658,006	3,688,794	-	-	-	7,346,800
Accession of classic and antique cars to collection	(455,249)	-	-	-	-	(455,249)	(699,500)	-	-	-	-	(699,500)
Change in value of interest rate swap	-	-	55,479	-	-	55,479	-	-	(56,217)	-	-	(56,217)
Loss on valuation of vehicles	(6,864)	-	-	(490)	-	(7,354)	(3,000)	-	-	-	-	(3,000)
Known and estimated recovery (loss) on uncollectible contributions receivable	36,670	-	-	-	-	36,670	(168,751)	-	-	(85,000)	-	(253,751)
Total Gains and (Losses)	(425,443)	-	55,479	(490)	-	(370,454)	2,786,755	3,688,794	(56,217)	(85,000)	-	6,334,332
Change in Net Assets	(696,580)	55,954	(90,981)	140,543	-	(591,064)	2,773,650	3,802,757	37,398	(159,795)	-	6,454,010
Net Assets - beginning of year	46,159,366	43,902	(253,923)	629,309	-	46,578,654	43,385,716	(3,758,855)	(291,321)	789,104	-	40,124,644
Net Assets - end of year	\$ 45,462,786	\$ 99,856	\$ (344,904)	\$ 769,852	\$ -	\$ 45,987,590	\$ 46,159,366	\$ 43,902	\$ (253,923)	\$ 629,309	\$ -	\$ 46,578,654