CONSOLIDATED FINANCIAL STATEMENTS With Independent Auditor's Report



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

June 26, 2013

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, 2012 and 2011, and the related consolidated statements of activities 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 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 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, 2012 and 2011, 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 Consolidating Statements of Financial Position and the Consolidating Statements of Activities, are presented for purposes of additional analysis and are not a required part of the 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.

Jacobson Jarvis & Co, PLLC

Jacoban Junios & Co, PLLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 LIABILITIES AND NET ASSETS Current Liabilities \$ 297,208 \$ 1,994,78	Λ 22	ETC	<u>2012</u>	<u>2011</u>
Cash and cash equivalents \$ 949,094 \$ 1,401,89 Cash and cash equivalents - restricted reserves 467,165 576,80 Contributions receivable, net - current 2,069,346 1,987,42 Other receivables 151,535 115,47 Prepaid expenses and other 73,021 123,38 Vehicles held for sale 20,100 17,20 Total Current Assets 3,730,261 4,222,17 Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 LIABILITIES AND NET ASSETS Current Liabilities 297,208 \$1,994,78		<u>E13</u>		
Cash and cash equivalents - restricted reserves 467,165 576,80 Contributions receivable, net - current 2,069,346 1,987,42 Other receivables 151,535 115,47 Prepaid expenses and other 73,021 123,38 Vehicles held for sale 20,100 17,20 Total Current Assets 3,730,261 4,222,17 Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 Current Liabilities \$92,660,219 \$91,476,10 Accounts payable \$297,208 \$1,994,78			\$ 040,004	¢ 1.401.902
Contributions receivable, net - current 2,069,346 1,987,42 Other receivables 151,535 115,47 Prepaid expenses and other 73,021 123,38 Vehicles held for sale 20,100 17,20 Total Current Assets 3,730,261 4,222,17 Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,200 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 Current Liabilities \$92,660,219 \$91,476,10 Current Liabilities \$297,208 \$1,994,78	•		, ,	
Other receivables 151,535 115,47 Prepaid expenses and other 73,021 123,38 Vehicles held for sale 20,100 17,20 Total Current Assets 3,730,261 4,222,17 Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 Secondary Secondary \$91,476,10 \$91,476,10 Current Liabilities \$297,208 \$1,994,78	-		,	•
Prepaid expenses and other 73,021 123,38 Vehicles held for sale 20,100 17,20 Total Current Assets 3,730,261 4,222,17 Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 Current Liabilities \$92,660,219 \$91,476,10 Accounts payable \$297,208 \$1,994,78				
Vehicles held for sale 20,100 17,20 Total Current Assets 3,730,261 4,222,17 Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 LIABILITIES AND NET ASSETS Current Liabilities \$297,208 \$1,994,78			•	
Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,200 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 LIABILITIES AND NET ASSETS Current Liabilities \$ 297,208 \$ 1,994,78	• •		-	•
Cash Restricted for Investment in Property 420,480 2,145,44 Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 LIABILITIES AND NET ASSETS Current Liabilities \$ 297,208 \$ 1,994,78 Accounts payable \$ 297,208 \$ 1,994,78		.1.0	-	
Contributions Receivable, net - long-term 4,514,209 5,092,42 Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 LIABILITIES AND NET ASSETS Current Liabilities \$ 297,208 \$ 1,994,78	101	al Current Assets	3,/30,261	4,222,179
Construction in Progress 5,368,256 31,974,58 Note Receivable 25,823,200 25,823,20 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 \$ 92,660,219 \$ 91,476,10 LIABILITIES AND NET ASSETS Current Liabilities \$ 297,208 \$ 1,994,78	Cash Restricted for Investment in Property		420,480	2,145,445
Note Receivable 25,823,200 25,823,200 Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 LIABILITIES AND NET ASSETS Current Liabilities \$ 297,208 \$ 1,994,78	Contributions Receivable, net - long-term		4,514,209	5,092,425
Prepaid Financing Costs, net 355,873 428,51 Other Assets 1,415,193 1,375,00 Property and Equipment, net 43,440,297 15,022,60 Classic and Antique Cars - not accessed 7,592,450 5,392,15 \$ 92,660,219 \$ 91,476,10 Current Liabilities Accounts payable \$ 297,208 \$ 1,994,78	Construction in Progress		5,368,256	31,974,589
Other Assets 1,415,193 1,375,000 Property and Equipment, net 43,440,297 15,022,600 Classic and Antique Cars - not accessed 7,592,450 5,392,150 \$ 92,660,219 \$ 91,476,100 Current Liabilities Accounts payable \$ 297,208 \$ 1,994,78	Note Receivable		25,823,200	25,823,200
Property and Equipment, net 43,440,297 15,022,600 Classic and Antique Cars - not accessed 7,592,450 5,392,150 \$ 92,660,219 \$ 91,476,100 Current Liabilities Accounts payable \$ 297,208 \$ 1,994,780	Prepaid Financing Costs, net		355,873	428,513
Classic and Antique Cars - not accessed 7,592,450 5,392,15 \$ 92,660,219 \$ 91,476,10 LIABILITIES AND NET ASSETS Current Liabilities \$ 297,208 \$ 1,994,78	Other Assets		1,415,193	1,375,000
LIABILITIES AND NET ASSETS Current Liabilities Accounts payable \$ 92,660,219 \$ 91,476,10	Property and Equipment, net		43,440,297	15,022,600
LIABILITIES AND NET ASSETS Current Liabilities Accounts payable \$ 297,208 \$ 1,994,78	Classic and Antique Cars - not accessed		7,592,450	5,392,150
Current Liabilities Accounts payable \$ 297,208 \$ 1,994,78			\$ 92,660,219	\$ 91,476,101
Accounts payable \$ 297,208 \$ 1,994,78	<u>LIABILITIES AN</u>	ND NET ASSETS		
• •	Current Liabilities			
• •	Accounts payable		\$ 297,208	\$ 1,994,789
Retainage payable 500,000 694,30	Retainage payable		300,000	894,305
Accrued payroll expenses 180,055 122,72	Accrued payroll expenses		180,055	122,724
	* * *		267,582	215,600
· · · · · · · · · · · · · · · · · · ·	•	Current Liabilities	1,044,845	3,227,418
Interest Rate Swap 202,446 190,56	Interest Rate Swap		202,446	190,568
•	•		44,223,372	45,233,502
Total Liabilities 45,470,663 48,651,48	•	Total Liabilities	45,470,663	48,651,488
Net Assets	Net Assets			
			40,562,603	35,928,800
				6,895,813
<u> </u>		Total Net Assets		42,824,613
			\$ 92,660,219	\$ 91,476,101

CONSOLIDATED STATEMENTS OF ACTIVITIES

		2012			2011	
		Temporarily	_	_	Temporarily	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenue and Support						
Revenue						
Admissions	\$ 1,420,584		\$ 1,420,584	\$ -		\$ -
Guest services	354,513		354,513	-		-
Tours and events	349,504		349,504	69,685		69,685
Interest income	456,485		456,485	468,511		468,511
Other earned income	306,991		306,991	190,425		190,425
Total Revenue	2,888,077		2,888,077	728,621		728,621
Support						
Contributions	4,155,627	\$ 1,251,032	5,406,659	2,495,768	\$ 1,205,415	3,701,183
In-kind contributions	3,207,655	276,777	3,484,432	476,017	482,058	958,075
Special events	157,050	<u> </u>	157,050	126,410		126,410
Total Support	7,520,332	1,527,809	9,048,141	3,098,195	1,687,473	4,785,668
Net Assets Released from Restrictions						
Satisfaction of time restriction	612,558	(612,558)	-	1,000,296	(1,000,296)	-
Satisfaction of purpose restriction	1,104,400	_(1,104,400)		1,272,479	(1,272,479)	
Total Net Assets Released from Restrictions	1,716,958	(1,716,958)		2,272,775	(2,272,775)	
Total Revenue and Support	12,125,367	(189,149)	11,936,218	6,099,591	(585,302)	5,514,289
Expenses						
Program services	3,937,133		3,937,133	1,023,188		1,023,188
Management and general	2,385,591		2,385,591	2,391,946		2,391,946
Fundraising	1,071,894		1,071,894	858,227		858,227
Total Expenses	7,394,618		7,394,618	4,273,361		4,273,361
Change in Net Assets before Losses	4,730,749	(189,149)	4,541,600	1,826,230	(585,302)	1,240,928
Losses						
Accession of Classic and Antique Cars to collection	-		-	(1,381,466)		(1,381,466)
Change in value of interest rate swap	(11,878)		(11,878)	(190,568)		(190,568)
Loss on valuation of vehicles	(85,068)		(85,068)	(261,378)		(261,378)
Loss on disposal of in-kind donation	-		-	(125,000)		(125,000)
Known and estimated loss on						
uncollectible contributions receivable		(79,711)	(79,711)	(10,475)	(72,410)	(82,885)
Total Losses	(96,946)	(79,711)	(176,657)	(1,968,887)	(72,410)	(2,041,297)
Change in Net Assets	4,633,803	(268,860)	4,364,943	(142,657)	(657,712)	(800,369)
Net Assets - beginning of year	35,928,800	6,895,813	42,824,613	36,071,457	7,553,525	43,624,982
Net Assets - end of year	\$40,562,603	\$ 6,626,953	\$47,189,556	\$35,928,800	\$ 6,895,813	\$42,824,613

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Cash received from:		
Contributors	\$ 4,895,096	\$ 3,663,420
Guests	1,775,097	-
Tours, events, and other income	612,142	227,111
Interest	456,485	468,511
Cash paid for:		
Personnel	(2,182,271)	(1,246,911)
Vendors	(2,375,891)	(1,632,142)
Interest	(890,572)	(653,305)
Net Cash Provided by Operating Activities	2,290,086	826,684
Cash Flows From Investing Activities		
Additions to construction in progress	(2,658,609)	(15,527,457)
Purchases of furniture and equipment	(2,005,732)	(179,531)
Net Cash Used by Investing Activities	(4,664,341)	(15,706,988)
Cash Flows From Financing Activities		
Proceeds from grants and contributions		
restricted for investment in property	-	53,301
Proceeds from grants and contributions		
restricted for debt repayment	1,045,000	1,045,000
Proceeds from issuance of debt	150,000	1,895,203
Repayments of debt	(1,108,148)	(1,049,600)
Proceeds from sales of vehicles		25,953
Net Cash Provided by Financing Activities	86,852	1,969,857
Change in Cash and Cash Equivalents	(2,287,403)	(12,910,447)
Cash and cash equivalents - beginning of year	4,124,142	17,034,589
Cash and cash equivalents - end of year	\$ 1,836,739	\$ 4,124,142

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>2012</u>	<u>2011</u>
Reconciliation of Change in Net Assets to		
Cash Flows from Operating Activities		
Change in net assets	\$ 4,364,943	\$ (800,369)
Adjustments to reconcile change in net assets to		
net cash provided by operating activities		
Depreciation	1,114,332	78,157
Amortization of prepaid financing costs	72,640	72,639
Accession of Classic and Antique Cars to collection	-	1,381,466
Donated vehicles	(2,288,268)	(233,431)
Donated property and equipment	(554,000)	-
Known and estimated loss on contributions receivable	79,711	82,885
Loss on valuation of vehicles	85,068	261,378
Change in value of interest rate swap	11,878	190,568
(Increase) decrease in:		
Contributions receivable	(628,420)	(542,965)
Other receivables	(36,058)	(35,153)
Prepaid expenses and other	50,363	160,921
Other assets	(40,193)	-
Decrease in:		
Accounts payable	759	186,710
Accrued payroll expenses	57,331	23,878
Net Cash Provided by Operating Activities	\$ 2,290,086	\$ 826,684

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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, a nonprofit corporation in the State of Washington. They committed themselves to donating 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. The museum had its grand opening on June 1, 2012 as planned. 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 and The Harold E. LeMay Museum. 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.

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 and LeMay-Dome Parking Association (collectively, the Museum). All material inter-organization transactions have been eliminated in the consolidation.

Federal income taxes

The Internal Revenue Service has recognized LeMay - America's Car Museum as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation. As of the financial statement issuance date LeMay-Dome Parking Association and The Harold E. LeMay Museum were considered not-for-profit organizations, however they are not tax exempt. The Museum has filed for a group exemption which would allow LeMay-Dome Parking Association and The Harold E. LeMay Museum to utilize LeMay - America's Car Museum's status as a 501(c)(3) tax exempt organization to gain their own tax exempt status.

Basis of presentation

In accordance with financial accounting standards, the Museum 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The net assets of the Museum are classified as follows:

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 as follows at December 31:

	<u>2012</u>	<u>2011</u>
Support of future operations	\$ 3,117,749	\$ 2,635,224
Repayment of debt	3,342,190	4,227,793
Other programs	167,014	32,796
	\$ 6,626,953	\$ 6,895,813

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, 2012, the Museum had no permanently restricted net assets.

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.

Cash and cash equivalents

The Museum considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. 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 CDE management fees.

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 define 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The three tiers of inputs used for fair value measurements are as follows:

- Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.
- Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.
- Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

The Museum also uses fair value concepts to test various long-lived assets for impairment. Due to their unique nature, individual items within Classic and Antique Cars, and Other Assets are not reappraised each year. Rather, management assesses market conditions as indicated by recent auction results, sales offering of similar cars, management's knowledge of the classic auto market, general economic conditions, and other market indicators. There were no changes in the valuation techniques during the current year.

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. Unconditional contributions receivable consist of the following at December 31, 2012:

\$ 3,445,000
155,000
3,398,812
6,998,812
(205,011)
(210,246)
\$ 6,583,555
\$ 2,069,346
4,237,562
276,647
\$ 6,583,555

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions receivable due in more than one year are recorded at the present value of estimated future cash flows using discount rates from 0.7% to 3.6%. As of December 31, 2012, 35% of total contributions receivable is 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 G).

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2012, the Museum had conditional promises to give totaling \$510,000 which are contingent upon raising additional funds, \$10,000 specifically for the restoration of a vehicle.

Other assets

Other assets consist of two Auguste Rodin sculptures, L'age d'airain and Petite Eve, which the Museum received from donors during the year ended December 31, 2009. The Museum's intent is to sell the sculptures in 2013.

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 F and G.

Property and equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Property and equipment purchases that exceed \$1,500 are capitalized as assets. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets. Property and equipment consists of the following at December 31:

	Useful Lives	<u>2012</u>	<u>2011</u>
Land		\$14,788,191	\$14,788,191
Land improvements	15	1,768,212	-
Building	39	24,943,610	-
Furniture and equipment	3-7	2,569,179	431,918
Leasehold improvements	7	491,574	-
Less: accumulated depreciation		(1,120,469)	(197,509)
		\$43,440,297	\$15,022,600

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In 2010, the City of Tacoma donated 7.8 acres of land to the Museum valued at \$14,788,191. As part of the donation the land is subject to certain restrictions. So long as the Museum's \$3.6 million HUD loan (Note G) is outstanding, the donated property 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, 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, and consist of the following at December 31:

2012

2011

	<u>2012</u>	<u>2011</u>
Prepaid financing costs	\$ 510,836	\$ 510,836
Less: accumulated amortization	 (154,963)	(82,323)
	\$ 355,873	\$ 428,513

Derivative financial instruments

In accordance with financial accounting standards, all derivative financial instruments are recognized in the 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.

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 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. For donated items in excess of \$5,000, the museum obtains appraisals to determine the fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 financial statements as they do not meet the criteria for recognition.

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

	<u>2012</u>	<u>2011</u>
Donated services	\$ 362,059	\$ 658,182
Donated rent	-	1,569
Donated classic and antique cars	2,265,711	233,431
Donated furniture and equipment	10,000	-
Donated other assets	709,542	10,655
Donated goods	 137,120	 54,238
	\$ 3,484,432	\$ 958,075

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 was \$379,330 and \$64,814, respectively, for the years ended December 31, 2012 and 2011.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

NOTE B - CONSTRUCTION IN PROGRESS

Construction in progress consists of architectural fees for a pavilion structure to be built at a future date.

NOTE C - INTEREST COST

The Museum capitalizes interest cost as a component of the cost of construction in progress. The following is a summary of interest cost incurred during the years ended December 31:

	<u>2012</u>	<u>2011</u>
Interest cost capitalized	\$ 42,550	\$ 277,700
Interest cost expensed	 890,572	 619,732
Total interest cost incurred	\$ 933,122	\$ 897,432

NOTE D - 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE D - COMMITMENTS (Continued)

Lease Agreement

The Museum leases auto storage space in Kirkland, Washington under an operating lease agreement that expires January 2015. Total lease payments were \$61,380 and \$66,960, respectively, for the years ended December 31, 2012 and 2011. Future minimum rental commitments for this leases are:

Years ending December 31,	
2013	\$ 68,040
2014	69,120
2015	 5,760
	\$ 142,920

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'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 (Note G) to fund the construction of the new museum.

NOTE F - 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 is \$455,362 for each of the years ended December 31, 2012 and 2011, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE G - LONG-TERM DEBT

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

2012 2011

Note payable to NDC New Markets Investment XLIII, 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. Principal payment of \$210,000 due on May 27, 2017. From May 27, 2017 principal payment 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.

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.

\$13,720,000 \$13,720,000

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.

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.

13,720,000 13,720,000

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE G - LONG-TERM DEBT (Continued)

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

2012 2011

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.

5,940,000 5,940,000

Note payable to Columbia Bank, bearing interest at 30 day Libor + 3.25% floating (3.46% as of December 31, 2012), 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.

The commercial property is owned by a company of one of the Museum's board members and not by the Museum. In addition, 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.

2,438,502 2,494,102

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 \$2,450,000. 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.

2,950,000 3,700,000

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 \$800,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE G - LONG-TERM DEBT (Continued)

Long-term debt consists of the following at December 31,	<u>2012</u>	<u>2011</u>
Principal payments of \$160,000 are due on November 30 of each		
year beginning November 30, 2010 through November 30, 2017.	800,000	960,000

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. This note is guaranteed by a pledge in the amount of \$195,000. A principal payment of \$15,000 is due on May 31, 2012. Principal payments of \$90,000 are due each year thereafter through May 31, 2017.

195,000 330,000

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.

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 + 0.70% from May 28, 2010 to May 27, 2013, 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, 2012 was 1.08%. 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 "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 twenty vehicles currently included in classic and antique cars with a book value of \$2.9 million.

3,600,000 3,600,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE G - LONG-TERM DEBT (Continued)

Long-term debt consists of the following at December 31,	<u>2012</u>	<u>2011</u>
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 is due on October 1, 2015. The		
note is secured by inventory and three CXC Racing Simulators with		
a book value of \$280,000.	142,452	
Total	44,490,954	45,449,102
Less: current portion	(267,582)	(215,600)
·	\$44,223,372	\$45,233,502

Principal reductions of notes payable for the years ending December 31 are:

2013	\$	267,582
2014		910,793
2015		1,064,777
2016		1,101,100
2017		7,708,509
Thereafter	3	3,438,193
	\$4	4,490,954

Based on the borrowing rates currently available to the organization for loans with similar terms and average maturities, the estimated fair value of long-term debt is as follows as of December 31, 2012:

	Carrying	Fair
	<u>Amount</u>	<u>Value</u>
Long-term debt		
Commercial mortgages	\$ 6,525,954	\$ 6,791,719
Government loan obligations	\$ 4,585,000	
New Markets Tax Credit Obligations	\$33,380,000	

It was not practicable to estimate the fair value of the organization'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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE H - 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 their 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 is funded the construction of the Museum.

NOTE I - RELATED PARTIES

In addition to the loan guarantees discussed in Note H, the Museum received consulting services from a board member for the construction on the new museum. During the years ending December 31, 2012 and 2011 the Museum paid \$28,760 and \$76,920, respectively, in fees for these services.

NOTE J - 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, 2012 and 2011, the Museum contributed \$25,670 and \$21,592, respectively, in matching contributions. The Museum also provides a non-qualified, non-matching, deferred compensation plan open to certain senior management.

NOTE K - FAIR VALUE MEASUREMENTS

Liabilities carried at fair value on a recurring basis (at least annually) are as follows:

	Quoted	Observable	Unobservable
	Prices	Inputs	Inputs
	<u>(Level 1)</u>	(Level 2)	(Level3)
Interest Rate Swap	\$ -	\$ -	\$ (202,446)

The value has been measured based on estimates of the amount needed to settle the agreement as calculated by the counterparty to the swap agreement. Such calculations were based on changes in market conditions and/or assumptions underlying valuation models.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE K - FAIR VALUE MEASUREMENTS (Continued)

Interest rate swap activity for the years ended December 31 are as follows:

Fair Value as of January 1, 2011	\$ -
Change in value of interest rate swap	(190,568)
Fair Value as of December 31, 2011	(190,568)
Change in value of interest rate swap	(11,878)
Fair Value as of December 31, 2012	\$ (202,446)

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. The Museum's classic and antique cars are also carried at fair value on a nonrecurring basis using level 2 inputs. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input.

NOTE L - 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. Interest incurred and paid under this swap agreement is as follows:

	<u>2012</u>	<u>2011</u>		
Interest incurred at variable rate	\$ 75,180	\$ 12,488		
Additional interest incurred at fixed rate	 34,583	 5,840		
Interest paid at fixed rate of 7.3%	\$ 109,763	\$ 18,328		

See Note A for additional information on the Museum's purpose for entering into derivatives designated as hedging instruments and its overall risk management strategies.

NOTE M - SUBSEQUENT EVENT

Management has evaluated events occurring subsequent to December 31, 2012 through June 26, 2013, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2012, including the estimates inherent in the processing of financial statements. The following events arose after December 31, 2012 relating to conditions that did not exist as of December 31, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE M - SUBSEQUENT EVENT (Continued)

As a part of the new building construction, the Museum and the City of Tacoma entered into an agreement for utility infrastructure installation to be funded through a Local Improvement District (LID) to be formed. The District was formed in 2010 and utility construction occurred during 2011. Costs associated with the utility construction will be funded through an LID loan payable by the Museum over 10 years in conjunction with its monthly utility billings. The loan payable has not been recorded in the consolidated financial statements as the final amount of the loan will not be confirmed or initiated until completion of a formal hearing scheduled for July 2013. Preliminary estimates in 2010 placed the amount to be financed at \$355,000. Current projections place the total cost at \$422,000 prior to anticipated appeals to the final balance.



CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

			2012					2011		
<u>ASSETS</u>	ACM	<u>HELM</u>	DOME	Eliminations	<u>Total</u>	ACM	<u>HELM</u>	DOME	Eliminations	<u>Total</u>
Current Assets										
Cash and cash equivalents	\$ 768,302	\$ 153,788	\$ 27,004		\$ 949,094	\$ 1,299,946	\$ 32,557	\$ 69,390		\$ 1,401,893
Cash and cash equivalents - restricted reserves	-	467,165	-		467,165	-	576,804	-		576,804
Contributions receivable, net - current	2,069,346	-	-		2,069,346	1,987,421	-	-		1,987,421
Other receivables	138,540	-	12,995		151,535	102,300	182	12,995		115,477
Due to related entities	-	-	2,367,690	\$ (2,367,690)	-	-	-	240,252	\$ (240,252)	-
Prepaid expenses and other	69,021	4,000	-		73,021	45,071	4,000	74,313		123,384
Vehicles held for sale	20,100				20,100	17,200				17,200
Total Current A	ssets 3,065,309	624,953	2,407,689	(2,367,690)	3,730,261	3,451,938	613,543	396,950	(240,252)	4,222,179
Cash Restricted for Investment in Property	-	343,249	77,231		420,480	-	2,145,438	7		2,145,445
Contributions Receivable, net - long-term	4,514,209	-	-		4,514,209	5,092,425	-	-		5,092,425
Construction in Progress	5,368,256	-	-		5,368,256	9,615,535	19,474,010	2,885,044		31,974,589
Note Receivable	25,823,200	-	-		25,823,200	25,823,200	-	-		25,823,200
Prepaid Financing Costs, net	75,683	248,571	31,619		355,873	92,285	298,286	37,942		428,513
Other Assets	1,415,193	-	-		1,415,193	1,375,000	-	-		1,375,000
Property and Equipment, net	6,382,968	37,057,329	-		43,440,297	2,188,209	12,742,345	92,046		15,022,600
Investment in Related Entities	612,605			(612,605)	-	612,605			(612,605)	_
Classic and Antique Cars - not accessed	7,592,450				7,592,450	5,392,150				5,392,150
	\$54,849,873	\$38,274,102	\$ 2,516,539	\$ (2,980,295)	\$92,660,219	\$53,643,347	\$35,273,622	\$ 3,411,989	<u>\$ (852,857)</u>	\$91,476,101
LIABILITIES AND NET ASSETS										
Current Liabilities										
Accounts payable	\$ 252,371	\$ 24,520	\$ 20,317		\$ 297,208	\$ 275,053	\$ 880,762	\$ 838,974		\$ 1,994,789
Due to related entities	(2,714,579)	5,082,269	-	\$ (2,367,690)	-	227,419	12,833	-	\$ (240,252)	-
Retainage payable	-	300,000	-		300,000	-	894,305	-		894,305
Accrued payroll expenses	180,055	-	-		180,055	107,780	-	14,944		122,724
Current portion of long-term debt	207,182		60,400		267,582	160,000		55,600		215,600
Total Current Liabi	lities $(2,074,971)$	5,406,789	80,717	(2,367,690)	1,044,845	770,252	1,787,900	909,518	(240,252)	3,227,418
Interest Rate Swap	-	-	202,446		202,446	-	-	190,568		190,568
Debt, net of current portion above	8,465,270	33,380,000	2,378,102		44,223,372	9,415,000	33,380,000	2,438,502		45,233,502
Total Liabi	lities <u>6,390,299</u>	38,786,789	2,661,265	(2,367,690)	45,470,663	10,185,252	35,167,900	3,538,588	(240,252)	48,651,488
Net Assets										
Unrestricted	41,832,621	(512,687)	(144,726)	(612,605)	40,562,603	36,562,282	105,722	(126,599)	(612,605)	35,928,800
Temporarily restricted	6,626,953				6,626,953	6,895,813				6,895,813
Total Net Ass	ets <u>48,459,574</u>	(512,687)	(144,726)	(612,605)	47,189,556	43,458,095	105,722	(126,599)	(612,605)	42,824,613
	\$54,849,873	\$38,274,102	\$ 2,516,539	\$ (2,980,295)	\$92,660,219	\$53,643,347	\$35,273,622	\$ 3,411,989	<u>\$ (852,857)</u>	\$91,476,101

CONSOLIDATING STATEMENTS OF ACTIVITIES

	2012						2011			
-	<u>ACM</u>	<u>HELM</u>	DOME	<u>Eliminations</u>	<u>Total</u>	ACM	<u>HELM</u>	<u>DOME</u>	<u>Eliminations</u>	<u>Total</u>
Support and Revenue										
Admissions	\$ 1,420,584	\$ -	\$ -		\$ 1,420,584	\$ -	\$ -	\$ -		\$ -
Guest services	354,513	-	-		354,513	-	-	-		-
Tours and events	349,504	-	-		349,504	69,685	-	-		69,685
Interest income	455,476	999	10	-	456,485	456,494	11,908	109	-	468,511
Other earned income	151,399	590,000	155,592	\$ (590,000)	306,991	144,659	147,500	45,766	\$ (147,500)	190,425
Contributions	5,406,659	-	-		5,406,659	3,701,183	-	-		3,701,183
In-kind contributions	3,484,432	-	-		3,484,432	958,075	-	-		958,075
Special events	157,050				157,050	126,410				126,410
Total Support and Revenue	11,779,617	590,999	155,602	(590,000)	11,936,218	5,456,506	159,408	45,875	(147,500)	5,514,289
Expenses										
Program services	3,937,133	_	-		3,937,133	1,023,188	-	-		1,023,188
Management and general	1,604,332	1,209,408	161,851	(590,000)	2,385,591	2,143,759	380,052	15,635	(147,500)	2,391,946
Fundraising	1,071,894				1,071,894	858,227			<u> </u>	858,227
Total Expenses	6,613,359	1,209,408	161,851	(590,000)	7,394,618	4,025,174	380,052	15,635	(147,500)	4,273,361
Change in Net Assets before Losses	5,166,258	(618,409)	(6,249)		4,541,600	1,431,332	(220,644)	30,240		1,240,928
Losses										
Accession of Classic and Antique Cars to collection	-	-	-		-	(1,381,466)	-	-		(1,381,466)
Change in value of interest rate swap	_	-	(11,878)		(11,878)	-	-	(190,568)		(190,568)
Loss on valuation of vehicles	(85,068)	-	-		(85,068)	(261,378)	-	-		(261,378)
Loss on disposal of in-kind donation	_				-	(125,000)				(125,000)
Known and estimated loss on										
uncollectible contributions receivable	(79,711)				(79,711)	(82,885)				(82,885)
Total Losses	(164,779)		(11,878)		(176,657)	(1,850,729)		(190,568)		(2,041,297)
Change in Net Assets	5,001,479	(618,409)	(18,127)	-	4,364,943	(419,397)	(220,644)	(160,328)	-	(800,369)
Net Assets - beginning of year	43,458,095	105,722	(126,599)	(612,605)	42,824,613	43,877,492	326,366	33,729	(612,605)	43,624,982
Net Assets - end of year	\$48,459,574	\$ (512,687)	\$ (144,726)	\$ (612,605)	\$47,189,556	\$43,458,095	\$ 105,722	\$ (126,599)	\$ (612,605)	\$42,824,613