



*REPORT OF INDEPENDENT AUDITORS AND  
CONSOLIDATED FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY CONSOLIDATING INFORMATION*

*FOR*

**LEMAY – AMERICA'S CAR MUSEUM**

*December 31, 2016 and 2015*

**MOSSADAMS.COM**

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## Report of Independent Auditors

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

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of LeMay – America’s Car Museum, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management’s Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor’s Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LeMay – America’s Car Museum as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

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

*Moss Adams LLP*

Tacoma, Washington  
August 31, 2017

**LeMay – America's Car Museum  
Consolidated Statements of Financial Position**

<b>ASSETS</b>		December 31,	
	2016	2015	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 849,631	\$ 868,123	
Cash and cash equivalents - restricted reserves	405,969	458,726	
Contributions receivable, net - current	1,279,859	1,742,357	
Other receivables	59,014	57,059	
Prepaid expenses	242,898	328,373	
Vehicles and other assets held for sale	503,869	502,669	
Total current assets	3,341,240	3,957,307	
<b>LONG-TERM AND OTHER ASSETS</b>			
Cash restricted for investment in property	127,596	8,891	
Cash restricted for endowment	80,000	65,000	
Contributions receivable, net - long-term	2,384,281	3,323,859	
Note receivable	25,823,200	25,823,200	
Property and equipment, net	46,352,734	47,373,851	
Classic and antique cars - not accessed	5,483,346	6,848,347	
Total assets	<u>\$ 83,592,397</u>	<u>\$ 87,400,455</u>	
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 248,773	\$ 346,856	
Accrued payroll and related taxes	306,707	306,569	
Current portion of long-term debt	1,399,416	978,309	
Total current liabilities	1,954,896	1,631,734	
OBLIGATION UNDER INTEREST RATE SWAP	22,053	65,456	
LONG-TERM DEBT, net of current portion	40,838,924	42,205,184	
Less: Financing cost, net of accumulated amortization of \$445,520 and \$372,881 for the year ended 2016 and 2015, respectively	65,316	137,955	
Total liabilities	42,750,557	43,764,419	
<b>NET ASSETS</b>			
Unrestricted	36,219,264	38,373,514	
Temporarily restricted	3,246,927	3,899,655	
Permanently restricted	1,375,649	1,362,867	
Total net assets	40,841,840	43,636,036	
Total liabilities and net assets	<u>\$ 83,592,397</u>	<u>\$ 87,400,455</u>	

See accompanying notes.

# LeMay – America's Car Museum

## Consolidated Statements of Activities

	Year Ended December 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE AND SUPPORT</b>				
Revenue				
Admissions	\$ 1,307,570	\$ -	\$ -	\$ 1,307,570
Guest services	321,454	-	-	321,454
Tours and events	316,258	-	-	316,258
Interest income	455,664	-	-	455,664
Other earned revenue	496,103	-	-	496,103
<b>Total revenue</b>	<b>2,897,049</b>	<b>-</b>	<b>-</b>	<b>2,897,049</b>
Support				
Contributions	1,759,800	1,754,170	15,000	3,528,970
In-kind contributions	486,419	227,000	-	713,419
Special events	347,836	-	-	347,836
<b>Total support</b>	<b>2,594,055</b>	<b>1,981,170</b>	<b>15,000</b>	<b>4,590,225</b>
Net assets released from restrictions				
Satisfaction of time restriction	1,860,901	(1,860,901)	-	-
Satisfaction of purpose restriction	772,997	(772,997)	-	-
Transfer	2,218	-	(2,218)	-
<b>Total net assets released from restrictions</b>	<b>2,636,116</b>	<b>(2,633,898)</b>	<b>(2,218)</b>	<b>-</b>
<b>Total revenue and support</b>	<b>8,127,220</b>	<b>(652,728)</b>	<b>12,782</b>	<b>7,487,274</b>
<b>EXPENSES</b>				
Program services	6,029,933	-	-	6,029,933
Management and general	997,872	-	-	997,872
Fundraising	1,089,895	-	-	1,089,895
<b>Total expenses</b>	<b>8,117,700</b>	<b>-</b>	<b>-</b>	<b>8,117,700</b>
<b>Change in net assets before gains (losses)</b>	<b>9,520</b>	<b>(652,728)</b>	<b>12,782</b>	<b>(630,426)</b>
<b>GAINS (LOSSES)</b>				
Accession of classic and antique cars to collection	(1,550,750)	-	-	(1,550,750)
Change in value of interest rate swap	43,403	-	-	43,403
Loss on valuation of vehicles	(6,746)	-	-	(6,746)
Known and estimated loss on uncollectible contributions receivable	(649,677)	-	-	(649,677)
<b>Total losses</b>	<b>(2,163,770)</b>	<b>-</b>	<b>-</b>	<b>(2,163,770)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(2,154,250)</b>	<b>(652,728)</b>	<b>12,782</b>	<b>(2,794,196)</b>
<b>NET ASSETS, beginning of year</b>	<b>38,373,514</b>	<b>3,899,655</b>	<b>1,362,867</b>	<b>43,636,036</b>
<b>NET ASSETS, end of year</b>	<b>\$ 36,219,264</b>	<b>\$ 3,246,927</b>	<b>\$ 1,375,649</b>	<b>\$ 40,841,840</b>

## LeMay – America's Car Museum Consolidated Statements of Activities

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

See accompanying notes.

## LeMay – America's Car Museum

### Consolidated Statements of Functional Expenses

	Year Ended December 31, 2016			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,562,607	\$ 570,784	\$ 457,692	\$ 2,591,083
Payroll taxes and benefits	389,194	109,268	86,717	585,179
Total payroll expenses	1,951,801	680,052	544,409	3,176,262
Depreciation	1,230,421	18,389	2,640	1,251,450
Interest expense	769,362	-	-	769,362
In-kind expense	316,257	7,022	46,084	369,363
Professional fees	279,592	82,115	208,964	570,671
Advertising	172,943	-	2,278	175,221
Cultivation and events	62,479	1,029	93,860	157,368
Printing and publications	157,565	9,055	40,840	207,460
Exhibition cost	134,246	-	-	134,246
Repairs and maintenance	95,673	16,604	32,677	144,954
Occupancy	128,452	-	-	128,452
Scholarships	226,581	-	-	226,581
General operating	82,163	34,681	7,691	124,535
Travel and meetings	100,777	34,650	13,486	148,913
Bank and loan fees	87,657	5,150	15,987	108,794
Insurance	38,252	78,777	-	117,029
Miscellaneous	38,267	9,079	29,755	77,101
Contract services	80,031	2,540	307	82,878
Computer related expenses	53,068	18,659	48,791	120,518
Collection cost	20,438	70	123	20,631
Donor recognition	3,908	-	2,003	5,911
Total expenses	<u>\$ 6,029,933</u>	<u>\$ 997,872</u>	<u>\$ 1,089,895</u>	<u>\$ 8,117,700</u>



**LeMay – America's Car Museum**  
**Consolidated Statements of Functional Expenses**

	Year Ended December 31, 2015			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,583,198	\$ 535,002	\$ 450,276	\$ 2,568,476
Payroll taxes and benefits	385,912	107,123	84,878	577,913
<b>Total payroll expenses</b>	<b>1,969,110</b>	<b>642,125</b>	<b>535,154</b>	<b>3,146,389</b>
Depreciation	1,270,351	21,895	2,387	1,294,633
Interest expense	823,782	-	-	823,782
In-kind expense	397,330	-	117,627	514,957
Professional fees	315,930	100,212	125,769	541,911
Advertising	322,958	-	1,181	324,139
Cultivation and events	117,257	51	91,048	208,356
Printing and publications	158,133	3,403	45,539	207,075
Exhibition cost	203,703	-	96	203,799
Repairs and maintenance	143,089	14,250	34,344	191,683
Occupancy	183,241	-	-	183,241
Scholarships	179,277	-	-	179,277
General operating	99,431	35,574	12,743	147,748
Travel and meetings	64,632	23,108	44,630	132,370
Bank and loan fees	78,779	5,279	12,550	96,608
Insurance	35,229	87,617	-	122,846
Miscellaneous	62,106	6,329	35,582	104,017
Contract services	96,503	2,418	1,016	99,937
Computer related expenses	29,058	9,940	48,103	87,101
Collection cost	59,704	-	129	59,833
Donor recognition	3,190	93	15,357	18,640
<b>Total expenses</b>	<b>\$ 6,612,793</b>	<b>\$ 952,294</b>	<b>\$ 1,123,255</b>	<b>\$ 8,688,342</b>

## LeMay – America's Car Museum

### Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2016	2015
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH		
FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,794,196)	\$ (3,189,089)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,251,450	1,294,633
Amortization of prepaid financing costs included in interest expense	72,639	72,640
Accession of classic and antique cars to collection	1,550,750	481,000
Donated vehicles	(210,495)	(9,800)
Known and estimated loss on contributions receivable	649,677	466,207
Loss on sale of vehicles	6,746	191,360
Loss on disposal of furniture and equipment	23,769	-
Change in value of interest rate swap	(43,403)	(39,743)
Changes in operating assets and liabilities		
Contributions receivable	752,399	1,434,370
Other receivables	(1,955)	4,670
Prepaid expenses	85,475	(97,725)
Accounts payable	(98,083)	45,995
Accrued payroll and related taxes	138	31,478
Net cash provided by operating activities	<u>1,244,911</u>	<u>685,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of vehicles	16,800	26,474
Purchases of property and equipment	(254,102)	(103,154)
Net cash used by investing activities	<u>(237,302)</u>	<u>(76,680)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(945,153)	(1,033,862)
NET CHANGE IN CASH AND CASH EQUIVALENTS	62,456	(424,546)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,400,740</u>	<u>1,825,286</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,463,196</u>	<u>\$ 1,400,740</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash paid for interest	<u>\$ 697,811</u>	<u>\$ 816,210</u>
Transfer from Held for Sale to Cars	<u>\$ 20,249</u>	<u>\$ -</u>

# LeMay – America's Car Museum

## Notes to Consolidated Financial Statements

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### Note 1 – Description of Operations

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

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

On January 1, 2014, Hagerty Education Program (HEP), a 501(c)(3) organization became a 509(a)(3) supporting organization of LeMay – America's Car Museum. HEP is the first major museum-based program designed to train young people in the skills and trades necessary to preserve and restore collector vehicles and boats. To help support the program, Hagerty Group LLC has given a lead contribution of \$1.75 million payable over five years. Effective July 7, 2016, HEP amended its articles of incorporation to change its name to RPM Foundation.

### Note 2 – Summary of Significant Accounting Policies

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

**Recent accounting standard adopted** – Effective January 1, 2016, the Museum elected to change its method of presentation relating to loan origination fees in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-03. Prior to 2016, the Museum's policy was to present these loan origination fees in Other Assets on the consolidated statement of financial position, net of accumulated amortization. Beginning in 2016, the Museum has presented these fees as a direct deduction to the related note payable. The adoption of this standard resulted in a reclassification of deferred financing costs which caused a \$372,881 reduction for the year ended December 31, 2015, to both other noncurrent assets and long-term debt on the consolidated statement of financial position; but it had no effect on the Museum's results of operations, financial condition or cash flows.

# LeMay – America's Car Museum

## Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

In August 2014, FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern*, which provides new guidance on when and how to disclose going concern uncertainties. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year and to provide certain footnote disclosures if conditions or events raise substantial doubt about an entity's ability to continue as a going concern. The new standard is effective for the Museum as of December 31, 2016. The Museum has included additional disclosures related to the risk and uncertainties related to the operation of the organization.

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

**Basis of presentation** – The Museum presents its consolidated financial statements in accordance with 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 according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

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

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

**Federal income tax** – The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Harold E. LeMay Museum, LeMay Dome Parking Association and 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 Section 512 and 514. Taxes paid, if any, are immaterial to the Museum.

The Museum evaluates its uncertain tax positions and a loss contingency is recognized only when it is more likely than not the tax position will not be sustained on examination by tax authorities, based on technical merits of the position. The Museum recognizes interest and penalties related to income tax matters in income tax expense, if applicable. As of December 31, 2016 and 2015, the Museum is not aware of any uncertain tax positions that require accrual.

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

## LeMay – America's Car Museum Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

The Museum, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, asset impairment is recognized. Impairment losses for the years ended December 31, 2016 and 2015, were \$6,746 and \$156,300 on the car collections.

In 2010, the City of Tacoma donated 7.8 acres of land valued at \$14,788,191 to the Museum subject to certain restrictions. So long as the Museum's \$3.6 million HUD loan (see Note 8) is outstanding, the donated land may not be used as collateral. Once the HUD loan has been satisfied the land may then be utilized as collateral to fund expansion or capital improvements to the Museum.

# LeMay – America's Car Museum

## Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Prepaid financing costs** – Prepaid financing costs totaling \$510,836, which represent loan fees and costs associated with issuance of long-term debt, will be amortized through the end of the New Markets Tax Credit compliance period in May 2017. Amortization expense included in interest expense was \$72,639 and \$72,640 for the years ended December 31, 2016 and 2015, respectively. Accumulated amortization for the years ended December 31, 2016 and 2015, was \$445,520 and \$372,881, respectively.

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

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

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

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

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

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

## LeMay – America's Car Museum Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

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

	2016	2015
Donated goods	\$ 296,449	\$ 291,515
Donated services	220,475	278,085
Donated classic and antique cars	196,495	28,178
Donated other assets	-	3,563
	\$ 713,419	\$ 601,341

**Restricted and unrestricted support** – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the year in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Advertising** – The Museum expenses the costs of advertising as incurred. Advertising expense for the years ended December 31, 2016 and 2015, was \$175,221 and \$324,139, respectively.

**Use of estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

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

# LeMay – America's Car Museum

## Notes to Consolidated Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Risks and uncertainties** - The Museum has experienced a few years of reduction in net assets and as of December 31, 2016, had over \$7 million in long-term debt maturing in 2017. Subsequent to December 31, 2016, the Museum entered into two loan agreements and amendments that resulted in a refinancing of the Columbia Bank and City of Tacoma (HUD) long-term debt agreements extending repayment terms by ten years for the Columbia Bank loan and twelve years for the City of Tacoma (HUD) loan. Additionally, the Columbia Bank loan provided approximately \$300,000 in additional funds to be used to pay down other long-term debt. In addition, in July 2017, legislation was passed by the State of Washington that deferred repayment of the tax assessment related to the sales and use tax an additional five years. The Museum continues to execute on its plan to improve operating results by focusing on new business development, increase its donor base, and continue close management of costs. With the refinancing of the Museum's long-term debt and renewal of its line of credit with a financial institution, management believes it has a longer term and manageable payment plan, which supports cash management and operations of the Museum.

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 customer's ability and willingness to attend events, and inability to retain significant donors.

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

In May and August 2017, the Museum refinanced and amended loan agreements related to a portion of its long term debt. See Note 8 for additional disclosures of these subsequent events.

Subsequent events were evaluated through August 31, 2017, 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, 2016.

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



## LeMay – America's Car Museum Notes to Consolidated Financial Statements

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### Note 3 – Net Assets

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

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

	<u>2016</u>	<u>2015</u>
Support of future operations	\$ 2,473,930	\$ 2,771,758
Repayment of debt	360,000	910,000
Other programs	<u>412,997</u>	<u>217,897</u>
	<u>\$ 3,246,927</u>	<u>\$ 3,899,655</u>

Permanently restricted net assets are endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations, or for purposes stipulated by donors. As of December 31, 2016 and 2015, the Museum had \$1,375,649 and \$1,362,867 in permanently restricted net assets, respectively.

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

	<u>2016</u>	<u>2015</u>
Satisfaction of time restrictions	\$ 1,860,901	\$ 2,168,041
Satisfaction of purpose restrictions	<u>772,997</u>	<u>1,127,897</u>
	<u>\$ 2,633,898</u>	<u>\$ 3,295,938</u>

## LeMay – America's Car Museum

### Notes to Consolidated Financial Statements

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#### Note 4 – Contributions Receivable

Contributions receivable were as follows as of December 31:

	<u>2016</u>	<u>2015</u>
Contributions receivable restricted to:		
Repayment of debt	\$ 160,000	\$ 520,000
Collection and programs	42,310	86,810
Future periods	<u>4,747,300</u>	<u>5,802,890</u>
	4,949,610	6,409,700
Less allowance for uncollectible	(61,847)	(44,215)
Less unamortized discount	<u>(1,223,623)</u>	<u>(1,299,269)</u>
	4,664,140	4,966,216
Total contributions receivable, net	<u>\$ 3,664,140</u>	<u>\$ 5,066,216</u>
Contributions receivable expected to be collected in:		
Less than one year	\$ 1,279,859	\$ 1,742,357
One to five years	533,968	1,362,952
More than five years	<u>1,850,313</u>	<u>1,960,907</u>
	3,664,140	4,966,216
Total contributions receivable	<u>\$ 3,664,140</u>	<u>\$ 5,066,216</u>

Contributions receivable due in more than one year are recorded at the present value of estimated future cash flows using discount rates from 0.25% to 2.5%. As of December 31, 2016 and 2015, 27% and 19%, respectively, of total contributions receivable was due from an individual board member. Pledges restricted to repayment of debt are pledged as collateral in connection with the U.S. Bank loans (see Note 8).

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2016, the Museum had conditional promises to give totaling \$776,000, of which \$700,000 is contingent upon continuing to support the education program, \$66,000 contingent on completion of certain services, and the remaining \$10,000 is contingent upon raising additional funds for the restoration of a vehicle. At December 31, 2015, the Museum had conditional promises to give totaling \$1,143,000.

## LeMay – America's Car Museum Notes to Consolidated Financial Statements

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### Note 5 – Property and Equipment

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

	<u>2016</u>	<u>2015</u>
Building	\$ 33,104,123	\$ 32,950,025
Land	14,788,191	14,788,191
Furniture and equipment	2,732,405	2,672,757
Land improvements	<u>1,986,036</u>	<u>1,986,036</u>
	52,610,755	52,397,009
Less accumulated depreciation	<u>6,258,021</u>	<u>5,023,158</u>
	<u><u>\$ 46,352,734</u></u>	<u><u>\$ 47,373,851</u></u>

Depreciation expense is \$1,251,450 and \$1,294,633 for the years ended December 31, 2016 and 2015, respectively.

### Note 6 – New Markets Tax Credit Financing

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

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

# LeMay – America's Car Museum

## Notes to Consolidated Financial Statements

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### Note 7 – Note Receivable

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

The note matures in June 2040. Interest received under this note was \$455,653 and \$455,602 for the years ended December 31, 2016 and 2015, respectively, and is included in interest income. It is not practicable to estimate the fair value of the note receivable. The instrument is a part of the Museum's New Markets Tax Credit funding. There is no market for this financial instrument.

### Note 8 – Long-Term Debt

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

	2016	2015
<p>Note payable to NDC New Markets Investment XLIII, LLC bearing interest at 1.39%. Interest only payments are due on the fifth day of each calendar month commencing on July 5, 2010 until May 27, 2017. A principal payment of \$210,000 is due on May 27, 2017. From May 27, 2017 until the note maturity date, principal payments and accrued interest shall be paid in monthly installments in an amount equal to \$57,226 with such payment commencing on July 5, 2017 and continuing on the fifth day of each calendar month until the loan maturity date in 2040.</p> <p>On the loan maturity date, the entire outstanding principal balance and accrued interest is due. The purpose of the loan was to construct the Museum. The note is secured by a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing, and Security Interest in Pledges.</p>	<p>\$ 13,720,000</p>	<p>\$ 13,720,000</p>
<p>Note payable to Consortium America XXXV, LLC bearing interest at 1.39%. Interest only payment due on the fifth day of each calendar month commencing on July 5, 2010 until May 27, 2017. From May 27, 2017 until the note maturity date principal and accrued interest shall be paid in monthly installments in an amount equal to \$58,116 with such payment commencing on July 5, 2017 and continuing on the fifth day of each calendar month until the loan maturity date in 2040.</p> <p>On the loan maturity date, the entire outstanding principal balance and accrued interest is due. The purpose of the loan was to construct the Museum. The note is secured by a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing, and Security Interest in Pledges.</p>	<p>13,720,000</p>	<p>13,720,000</p>

**LeMay – America's Car Museum**  
**Notes to Consolidated Financial Statements**

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**Note 8 – Long-Term Debt (continued)**

	2016	2015
<p>Note payable to USBCDE Sub CDE LXIII, LLC bearing interest at 1.39%. Interest only payment due on the fifth day of each calendar month commencing on July 5, 2010 until May 27, 2017. From May 27, 2017 until the note maturity date, principal and accrued interest shall be paid in monthly installments in an amount equal to \$25,161, with such payments commencing on July 5, 2017, and continuing on the fifth day of each calendar month until the loan maturity date in 2040.</p> <p>On the loan maturity date, the entire outstanding principal balance and accrued interest is due. The purpose of the loan was to construct the Museum. The note is secured by a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing, and Security Interest in Pledges.</p>	5,940,000	5,940,000
<p>Note payable to Columbia Bank, bearing interest at 30 day LIBOR +3.25% floating (4.02% as of December 31, 2016), 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%. The note is secured by a First Deed of Trust, Assignment of rents, and commercial property. The loan shall mature and be due in full on June 1, 2017; however, this loan was subsequently repaid through issuance of a new loan on May 19, 2017 with Columbia Bank. The new loan was for a total of \$2,500,000 and requires monthly principal and interest payments starting July 1, 2017 through maturity date of May 1, 2027. The future payment schedule was updated to reflect payment terms of this updated loan arrangement.</p> <p>The commercial property is owned by a company of one of the Museum's board members and not by the Museum. In addition, the note is further secured by First Position Blanket UCC filing and Security Agreement on all Borrower's Assets, including a recorded Assignment of Rents and Leases on Tacoma Dome Parking Lots "B" and "C." The purpose of the note was to finance the addition of site improvements (extension of utilities - power, sewer, &amp; water, and respective connection fees) for the museum, purchase and installation of exhibits, and designed parking lot upgrades to the site.</p>	2,159,902	2,236,502
<p>Note payable to US Bank National Association, bearing interest at 2.88%. Interest only payment due monthly on the fifteenth day of each month with the first such payment due on July 15, 2010. The note is guaranteed by a board member with a pledge of \$200,000. Paid in full during 2016.</p>	-	700,000

## LeMay – America's Car Museum

### Notes to Consolidated Financial Statements

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#### Note 8 – Long-Term Debt (continued)

	<u>2016</u>	<u>2015</u>
<p>Note payable to US Bank National Association, bearing interest at 2.97%. Interest only payment due monthly on the fifteenth day of each month with the first such payment due on July 15, 2010. This note is guaranteed by a pledge in the amount of \$320,000. Principal payments of \$160,000 are due on November 30 of each year beginning November 30, 2010 through November 30, 2017.</p>	\$ 160,000	\$ 320,000
<p>Note payable to the State of Washington Department of Commerce, Capital Programs Unit or its successor agency. The note is noninterest bearing and will be forgiven so long as the museum building is used by the Museum or its subsidiaries through May of 2020. If the Museum does not comply with this requirement, the Department of Commerce will be entitled to the unpaid principal balance of this note with interest at a rate of 5%, compounded annually.</p>	985,000	985,000
<p>Note payable to City of Tacoma (HUD), funded by a Community Development Block Grant Section 108 Guarantee Loan, and bearing interest of 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, 2016 was 4.22%. Interest only payments are due in the initial period, from May 28, 2010 through August 1, 2017. A principal payment of \$3.6 million was due August 1, 2017; however, subsequent to year-end this note was amended and payment was extended with annual principal payments due each August 1st, through maturity on August 1, 2029, and the loan will be converted to a fixed interest rate. The future payments schedule has been modified to reflect the updated repayment terms of this amended agreement.</p>		
<p>The note is secured by First Lien Deed of Trust (The HUD Deed of Trust) on the Property, a first lien security interest (The "PledgeLien") on any future pledge of capital contribution made to Borrower (excluding the first \$500,000 of building restricted pledges), and a first lien security interest on twenty vehicles currently included in classic and antique cars with a book value of \$2.9 million.</p>	3,600,000	3,600,000

## LeMay – America's Car Museum Notes to Consolidated Financial Statements

### Note 8 – Long-Term Debt (continued)

	2016	2015
<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>	295,464	337,673
<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. Subsequent to year-end, this assessment was extended 5 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>	1,657,974	1,624,318
Total	42,238,340	43,183,493
Less current portion of long-term debt	1,399,416	978,309
	<u>\$ 40,838,924</u>	<u>\$ 42,205,184</u>

Interest expense totaled \$696,723 and \$751,142 in 2016 and 2015, respectively.

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.

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

2017	\$ 1,399,416
2018	1,572,228
2019	1,600,026
2020	1,627,666
2021	1,656,551
Thereafter	34,382,453
	<u>\$ 42,238,340</u>

# LeMay – America's Car Museum

## Notes to Consolidated Financial Statements

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### Note 8 – Long-Term Debt (continued)

Based on the borrowing rates currently available to the Museum for loans with similar terms and average maturities, the estimated fair value of long-term debt is as follows as of December 31, 2016:

	Carrying Amount
Long-term debt:	
Commercial mortgages	\$ 2,319,902
Government loan obligations	6,538,438
New Markets Tax Credit Obligations	33,380,000
	<u>\$ 42,238,340</u>

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

### Note 9 – Third Party Credit Enhancements

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

### Note 10 – Derivative Financial Instruments

Effective in November 2011, the Museum entered into an interest rate swap agreement which effectively converted \$1,500,000 of a variable-rate loan issue to a fixed interest rate of 7.3%. This swap agreement matured in 2017 and was subsequently replaced with a new swap agreement related to the loan that was issued in May 2017.

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



## LeMay – America's Car Museum Notes to Consolidated Financial Statements

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### Note 10 – Derivative Financial Instruments (continued)

For the years ended December 31, 2016 and 2015, variable interest rates have fluctuated, resulting in the recording of a total interest rate swap liability of \$22,053 and \$65,456, respectively.

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

	2016	2015
Interest incurred at variable rate	\$ 50,086	\$ 47,584
Additional interest incurred at fixed rate	47,897	53,669
Interest paid at fixed rate of 7.3%	\$ 97,983	\$ 101,253

### Note 11 – Retirement Plan

The Museum sponsors a 403(b) defined contribution pension plan. Employees may contribute up to the Internal Revenue Service limits per year. The Museum matches eligible employees' contributions up to 5% of their compensation. Eligible employees include those having one year of service and have reached age 21. For the years ended December 31, 2016 and 2015, the Museum contributed \$83,279 and \$78,703, respectively, in matching contributions. The Museum also provides a nonqualified, non-matching, deferred compensation plan open to certain senior management.

### Note 12 – Commitments

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

**Line of credit agreement** – On July 15, 2016 the Museum renewed their \$500,000 revolving line of credit under the previous terms. The revolving line of credit was due to mature on July 15, 2017; however, was subsequently extended to October 15, 2017. Bank advances on the line of credit are payable on demand and carry interest at 1.75 percentage points over the bank's base rate but not less than 5% per annum. The line of credit is collateralized by the general assets of the Museum and guaranteed by a member of its Board of Directors. There was no balance at December 31, 2016 and 2015.

## **Consolidating Information**

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**LeMay – America's Car Museum**  
**Consolidating Statement of Financial Position**  
**December 31, 2016**

<b>ASSETS</b>	<u>ACM</u>	<u>HELM</u>	<u>DOME</u>	<u>RPM</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 104,168	\$ 210,635	\$ 24,890	\$ 509,938	\$ -	\$ 849,631
Cash and cash equivalents - restricted reserves	307,380	91,573	-	7,016	-	405,969
Contributions receivable, net - current	1,114,802	-	-	165,057	-	1,279,859
Other receivables	59,014	-	-	-	-	59,014
Due from related entities	4,467,454	-	562,741	-	(5,030,195)	-
Prepaid expenses	242,898	-	-	-	-	242,898
Vehicles and other assets held for sale	503,869	-	-	-	-	503,869
<b>Total current assets</b>	<b>6,799,585</b>	<b>302,208</b>	<b>587,631</b>	<b>682,011</b>	<b>(5,030,195)</b>	<b>3,341,240</b>
<b>LONG-TERM AND OTHER ASSETS</b>						
Cash restricted for investment in property	127,596	-	-	-	-	127,596
Cash restricted for endowment	20,000	-	-	60,000	-	80,000
Contributions receivable, net - long-term	2,312,384	-	-	71,897	-	2,384,281
Note receivable	25,823,200	-	-	-	-	25,823,200
Property and equipment, net	8,670,835	36,217,855	1,464,044	-	-	46,352,734
Investment in related entities	612,605	-	-	-	(612,605)	-
Classic and antique cars - not accessed	5,483,346	-	-	-	-	5,483,346
<b>Total assets</b>	<b>\$ 49,849,551</b>	<b>\$ 36,520,063</b>	<b>\$ 2,051,675</b>	<b>\$ 813,908</b>	<b>\$ (5,642,800)</b>	<b>\$ 83,592,397</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 113,205	\$ 105,660	\$ 18,309	\$ 11,599	\$ -	\$ 248,773
Due to related entities	-	5,016,991	-	13,204	(5,030,195)	-
Accrued payroll and related taxes	285,108	-	21,599	-	-	306,707
Current portion of long-term debt	378,000	950,808	70,608	-	-	1,399,416
<b>Total current liabilities</b>	<b>776,313</b>	<b>6,073,459</b>	<b>110,516</b>	<b>24,803</b>	<b>(5,030,195)</b>	<b>1,954,896</b>
<b>OBLIGATION UNDER INTEREST RATE SWAP</b>	<b>-</b>	<b>-</b>	<b>22,053</b>	<b>-</b>	<b>-</b>	<b>22,053</b>
<b>LONG-TERM DEBT, net of current portion</b>	<b>4,367,000</b>	<b>34,255,173</b>	<b>2,216,751</b>	<b>-</b>	<b>-</b>	<b>40,838,924</b>
Less financing cost, net of accumulated amortization of \$445,520 for the year ended 2016	9,278	49,714	6,324	-	-	65,316
	<u>4,357,722</u>	<u>34,205,459</u>	<u>2,210,427</u>	<u>-</u>	<u>-</u>	<u>40,773,608</u>
<b>Total liabilities</b>	<b>5,134,035</b>	<b>40,278,918</b>	<b>2,342,996</b>	<b>24,803</b>	<b>(5,030,195)</b>	<b>42,750,557</b>
<b>NET ASSETS</b>						
Unrestricted	40,412,365	(3,758,855)	(291,321)	469,680	(612,605)	36,219,264
Temporarily restricted	3,045,935	-	-	200,992	-	3,246,927
Permanently restricted	1,257,216	-	-	118,433	-	1,375,649
<b>Total net assets</b>	<b>44,715,516</b>	<b>(3,758,855)</b>	<b>(291,321)</b>	<b>789,105</b>	<b>(612,605)</b>	<b>40,841,840</b>
<b>Total liabilities and net assets</b>	<b>\$ 49,849,551</b>	<b>\$ 36,520,063</b>	<b>\$ 2,051,675</b>	<b>\$ 813,908</b>	<b>\$ (5,642,800)</b>	<b>\$ 83,592,397</b>

**LeMay – America's Car Museum**  
**Consolidating Statement of Activities**  
**Year Ended December 31, 2016**

	ACM	HELM	DOVE	RPM	Eliminations	Total
<b>REVENUE AND SUPPORT</b>						
Admissions	\$ 1,307,570	\$ -	\$ -	\$ -	\$ -	\$ 1,307,570
Guest services	321,454	-	-	-	-	321,454
Tours and events	314,138	-	-	2,120	-	316,258
Interest income	455,653	-	-	11	-	455,664
Other earned revenue	306,016	753,539	286,974	-	(850,426)	496,103
Contributions	2,954,264	-	22,365	552,341	-	3,528,970
In-kind contributions	689,778	-	-	23,641	-	713,419
Special events	347,836	-	-	-	-	347,836
<b>Total revenue and support</b>	<b>6,696,709</b>	<b>753,539</b>	<b>309,339</b>	<b>578,113</b>	<b>(850,426)</b>	<b>7,487,274</b>
<b>EXPENSES</b>						
Program services	4,321,715	1,428,351	432,635	697,658	(850,426)	6,029,933
Management and general	997,872	-	-	-	-	997,872
Fundraising	1,089,895	-	-	-	-	1,089,895
<b>Total expenses</b>	<b>6,409,482</b>	<b>1,428,351</b>	<b>432,635</b>	<b>697,658</b>	<b>(850,426)</b>	<b>8,117,700</b>
Change in net assets before gains (losses)	287,227	(674,812)	(123,296)	(119,545)	-	(630,426)
<b>GAINS (LOSSES)</b>						
Accession of classic and antique cars to collection	(1,550,750)	-	-	-	-	(1,550,750)
Change in value of interest rate swap	-	-	43,403	-	-	43,403
Loss on valuation of vehicles	(6,746)	-	-	-	-	(6,746)
Known and estimated loss on uncollectible contributions receivable	(634,127)	-	-	(15,550)	-	(649,677)
<b>Total gains (losses)</b>	<b>(2,191,623)</b>	<b>-</b>	<b>43,403</b>	<b>(15,550)</b>	<b>-</b>	<b>(2,163,770)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,904,396)</b>	<b>(674,812)</b>	<b>(79,893)</b>	<b>(135,095)</b>	<b>-</b>	<b>(2,794,196)</b>
<b>NET ASSETS, beginning of year</b>	<b>46,619,912</b>	<b>(3,084,043)</b>	<b>(211,428)</b>	<b>924,200</b>	<b>(612,605)</b>	<b>43,636,036</b>
<b>NET ASSETS, end of year</b>	<b>\$ 44,715,516</b>	<b>\$ (3,758,855)</b>	<b>\$ (291,321)</b>	<b>\$ 789,105</b>	<b>\$ (612,605)</b>	<b>\$ 40,841,840</b>

