



Financial Statements  
December 31, 2024

# Wings Over the Rockies Air & Space Museum

(With Comparative Totals for 2023)

Wings Over the Rockies Air & Space Museum

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December 31, 2024

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## **Independent Auditor's Report**

To the Board of Directors  
Wings Over the Rockies Air & Space Museum  
Denver, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Wings Over the Rockies Air & Space Museum, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Wings Over the Rockies Air & Space Museum as of December 31, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wings Over the Rockies Air & Space Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wings Over the Rockies Air & Space Museum's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wings Over the Rockies Air & Space Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wings Over the Rockies Air & Space Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the 2023 financial statements of Wings Over the Rockies Air & Space Museum and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP".

Denver, Colorado  
June 3, 2025

# Wings Over the Rockies Air & Space Museum

## Statement of Financial Position

December 31, 2024

(with comparative totals for 2023)

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 494,579	\$ 1,301,267
Investments	1,086,102	2,202,611
Receivable from Scientific and Cultural Facilities District	197,792	214,438
Promises to give	9,448	198,270
Prepaid expenses and other assets	416,063	303,880
Museum store inventory	172,865	203,075
Restricted cash	129,432	150,496
Property and equipment, net	14,218,375	13,945,043
Endowment investments	38,392	37,007
Collections (Note 1)		
<b>Total assets</b>	<b>\$ 16,763,048</b>	<b>\$ 18,556,087</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 628,303	\$ 366,599
Deferred rental revenue	216,288	189,554
Deferred membership revenue	66,643	61,361
Notes payable	1,249,694	1,511,676
<b>Total liabilities</b>	<b>2,160,928</b>	<b>2,129,190</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	927,450	2,753,369
Invested in property and equipment, net	12,968,681	12,058,540
	<b>13,896,131</b>	<b>14,811,909</b>
With donor restrictions		
Purpose restrictions	685,989	1,594,988
Perpetual in nature	20,000	20,000
	<b>705,989</b>	<b>1,614,988</b>
<b>Total net assets</b>	<b>14,602,120</b>	<b>16,426,897</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,763,048</b>	<b>\$ 18,556,087</b>

# Wings Over the Rockies Air & Space Museum

## Statement of Activities

Year Ended December 31, 2024  
(with comparative totals for 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023
Support, Revenue, and Gains				
Admissions and memberships	\$ 2,219,905	\$ -	\$ 2,219,905	\$ 2,035,876
Facilities rental	1,203,426	-	1,203,426	1,245,438
Museum store sales	513,417	-	513,417	516,809
Less cost of goods sold	(235,872)	-	(235,872)	(236,289)
Net museum store sales	277,545	-	277,545	280,520
Contributions	454,614	936,309	1,390,922	2,013,482
Scientific and Cultural Facilities District	703,131	-	703,131	780,701
Gross special events revenue				
Ticket sales and auction	340,571	-	340,571	303,328
Less cost of direct benefits to donors	(179,599)	-	(179,599)	(174,830)
Net special events revenue	160,972	-	160,972	128,498
Other income	97,232	-	97,232	2,770,493
Net investment return	94,591	1,385	95,976	56,412
Net assets released from restrictions	1,846,693	(1,846,693)	-	-
Total support, revenue, and gains	7,058,109	(908,999)	6,149,109	9,311,420
Expenses				
Expenses before depreciation and amortization				
Program services	4,398,776	-	4,398,776	3,998,559
Management and general	2,124,456	-	2,124,456	1,848,533
Fundraising and development	594,872	-	594,872	562,261
Total expenses before depreciation and amortization	7,118,104	-	7,118,104	6,409,353
Change in net assets before depreciation and amortization	(59,995)	(908,999)	(968,995)	2,902,067
Depreciation and amortization	855,783	-	855,783	892,297
Change in Net Assets	(915,778)	(908,999)	(1,824,777)	2,009,770
Net Assets, Beginning of Year	14,811,909	1,614,988	16,426,897	14,417,127
Net Assets, End of Year	\$ 13,896,131	\$ 705,989	\$ 14,602,120	\$ 16,426,897

# Wings Over the Rockies Air & Space Museum

## Statement of Functional Expenses

Year Ended December 31, 2024

(with comparative totals for 2023)

	2024				
	Program Services	Management and General	Fundraising and Development	Total	2023
Personnel Costs					
Salaries and wages	\$ 1,829,811	\$ 968,959	\$ 385,660	\$ 3,184,430	\$ 2,939,545
Employee benefits	211,199	106,487	26,509	344,195	292,142
Payroll taxes	143,882	77,022	28,060	248,964	228,451
Total personnel costs	2,184,892	1,152,468	440,229	3,777,589	3,460,138
Professional services	591,151	319,750	42,051	952,952	788,196
Occupancy and insurance	772,771	80,088	3,388	856,247	729,493
Depreciation and amortization	804,436	51,347	-	855,783	892,297
Office expenses	430,510	68,455	41,890	540,855	536,396
Advertising and promotion	48,715	222,606	22,827	294,148	242,722
Museum store cost of goods sold	235,872	-	-	235,872	236,289
Cost of direct benefit to donors	-	-	179,599	179,599	174,830
Information technology	50,473	105,921	16,360	172,754	132,991
Bank fees and interest	94,091	62,733	6,243	163,067	166,558
Conferences, conventions and meetings	65,301	68,529	14,085	147,915	177,674
Exhibit rentals	114,386	-	-	114,386	58,650
Other	15,723	32,852	7,799	56,374	65,480
Equipment rental and maintenance	30,763	11,054	-	41,817	51,055
Total expenses by function	5,439,084	2,175,803	774,471	8,389,358	7,712,769
Less Expenses Included with Revenues on the statement of activities					
Museum store cost of goods sold	(235,872)	-	-	(235,872)	(236,289)
Cost of direct benefit to donors	-	-	(179,599)	(179,599)	(174,830)
Less Depreciation and Amortization	(804,436)	(51,347)	-	(855,783)	(892,297)
Total expenses included in the expense section on the statement of activities	\$ 4,398,776	\$ 2,124,456	\$ 594,872	\$ 7,118,104	\$ 6,409,353

See Notes to Financial Statements

# Wings Over the Rockies Air & Space Museum

## Statement of Cash Flows

Year Ended December 31, 2024

(with comparative totals for 2023)

	2024	2023
Operating Activities		
Change in net assets	\$ (1,824,777)	\$ 2,009,770
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation and amortization	855,783	892,297
Gain on insurance proceeds	-	(2,747,171)
Loss on sale of equipment	-	27,349
Endowment net investment return	(1,385)	(3,070)
Changes in operating assets and liabilities:		
Employee retention tax credits receivable	-	827,914
Receivable from Scientific and Cultural Facilities District	16,646	(15,086)
Promises to give	188,822	(129,709)
Prepaid expenses and other assets	(112,183)	(30,573)
Museum store inventory	30,210	(4,186)
Accounts payable and accrued expenses	19,899	(153,350)
Deferred rental revenue	26,734	(80,530)
Deferred membership revenue	5,282	(10,141)
Net Cash from (used for) Operating Activities	(794,969)	583,514
Investing Activities		
Purchases of investments	(346,813)	(2,256,421)
Sale proceeds of investments	1,463,322	1,000,561
Proceeds from insurance claims	-	3,016,561
Proceeds from sale of equipment	-	136,539
Purchases of property and equipment	(887,310)	(1,399,201)
Net Cash from (used for) Investing Activities	229,199	498,039
Financing Activities		
Proceeds from issuance of note payable	-	250,000
Principal payments on note payable	(261,982)	(257,816)
Net Cash used for Financing Activities	(261,982)	(7,816)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(827,752)	1,073,737
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,451,763	378,026
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 624,011	\$ 1,451,763
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Accounts payable for property and equipment	\$ 241,805	\$ -



**Note 1 - Principal Activity and Significant Accounting Policies****Organization**

Wings Over the Rockies Air & Space Museum (the Museum) is a Colorado-based non-profit organization dedicated to educating and inspiring all people about aviation and space endeavors of the past, present and future. By utilizing the Air & Space Museum in Denver's historic Lowry neighborhood to preserve the past and the Exploration of Flight Center at Centennial Airport to focus on the present and future, the Museum strives to encourage the future aerospace leaders of tomorrow.

The Museum is Colorado's Official Air & Space Museum and is recognized by CNN as one of the top 20 Aviation Museums in the World. Founded in 1994 and housed at the former Lowry Air Force Base in Denver, visitors will find more than 50 aircraft and space vehicles on display, thrilling flight simulator experiences and a focus on the heraldry of aerospace.

Exploration of Flight is a 15-acre campus set on one of the busiest general aviation airports in the nation. Where the Air & Space Museum focuses on aerospace heritage, Exploration of Flight will be home to future-focused aviation and space galleries offering experiences and exhibits found nowhere else in the world. The Boeing Blue Sky Aviation Gallery is now open and features aircraft flights for Young Eagle students and teachers, pilot-quality flight simulators, immersive Virtual Reality and more.

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Museum's audited financial statements for the year ended December 31, 2023, from which the summarized information was derived.

**Cash, Cash Equivalents, and Restricted Cash**

The Museum considers all cash and highly liquid financial instruments with original maturities of three months or less, which are not restricted by donors for endowment and other long-term purposes, to be cash and cash equivalents. Restricted cash represents funds restricted by donors for facilities improvements. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

Cash and cash equivalents	\$ 494,579
Restricted cash	<u>129,432</u>
	<u>\$ 624,011</u>

**Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2024, management has determined no allowance is necessary.

**Museum Store Inventory**

Inventory is comprised of program-related items held for sale in the Museum store. Inventory is stated at the lower of cost or net realizable value using the weighted average cost method, which approximates the first-in first-out method. At December 31, 2024, management has determined no allowance is necessary.

**Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets and the costs of exhibits are expensed currently.

The Museum reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Management has determined there are no indicators of asset impairment at December 31, 2024.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Collections**

The Museum's collections, which were acquired through purchases and contributions, are not recognized as assets in the statement of financial position. The Museum's collections are made up of aircrafts and artifacts of historical significance. Each of the items are cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributions of collection items are not reflected in the financial statements.

The collections are subject to a policy that requires proceeds from their sales to be used for the acquisition of the new collection items, the direct care of existing collections, or both. The Museum defines direct care expenditures as costs incurred to enhance the life, usefulness and quality of the collection. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. No collection items were deaccessioned during the year ended December 31, 2024.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Museum reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restrictions when the assets are placed in service.

### **Revenue and Revenue Recognition**

Museum admissions and Museum store sales are recognized at the time of admission, or sale, respectively. The Museum recognizes membership revenue over the membership period, which is generally one year, during which time members have continuous access to the Museum. Membership dues relating to future periods are deferred to the applicable period and are recorded as deferred membership revenue in the accompanying statement of financial position. The Museum recognizes revenue from facilities rentals at the point in time its performance obligation to provide access to the facility is met. Payments for facilities rentals received in advance are recorded as deferred rental revenue in the accompanying statement of financial position.

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. During the year ended December 31, 2024, one grantee accounted for 58% of total contribution revenue received.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Museum recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

### **Scientific and Cultural Facilities District**

The Museum receives an annual funding allocation from the Scientific and Cultural Facilities District (SCFD). In November 1988, the voters of the seven-county Denver metropolitan area approved formation of a special tax district to support the scientific and cultural institutions within the district. Beginning in 1989, revenues for the district were generated through a sales tax and distributed to various institutions in accordance with the provisions of the act. In 2016, the voters of the seven-county Denver metropolitan area extended the expiration date of the special tax district through June 30, 2030. The Museum received \$703,131 from SCFD during the year ended December 31, 2024. At December 31, 2024, \$197,792 was receivable from SCFD, representing funding allocated but not yet distributed. The full amount was collected subsequent to year end; therefore, no allowance was recorded at December 31, 2024.

### **Donated Services and In-Kind Contributions**

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Museum does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. No significant contributions of such goods or services were received during the year ended December 31, 2024.

### **Advertising Costs**

Advertising costs are expensed as incurred and totaled \$282,472 during the year ended December 31, 2024.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses, which presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, employee benefits, payroll taxes, professional services, occupancy and insurance, office expenses, advertising and promotion, information technology, bank fees and interest, conferences, conventions and meetings, exhibit rentals, other, and equipment rental and maintenance, which are allocated on the basis of estimates of time and effort.

#### **Income Taxes**

The Museum is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Museum is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

In addition, the Museum is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Museum has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

#### **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 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 and those differences could be material.

#### **Financial Instruments and Credit Risk**

The Museum manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2024, the Museum had approximately \$246,000 in excess of FDIC-insured limits. To date, the Museum has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of the Museum's mission. Investments are made by management and monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Museum.

#### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

#### **Subsequent Events**

The Museum has evaluated subsequent events through June 3, 2025, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use to purposes more narrow than our ongoing programmatic activities and services in support of those activities within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 494,579
Investments	1,086,102
Receivable from Scientific and Cultural Facilities District	197,792
Promises to give	9,448
	<hr/>
	\$ 1,787,921

The Museum regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Museum follows a policy of operating with a balanced budget prior to depreciation and amortization.

**Note 3 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Museum can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Museum develops inputs using the best information available in the circumstances.

# Wings Over the Rockies Air & Space Museum

Notes to Financial Statements

December 31, 2024

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Museum's assessment of the quality, risk or liquidity profile of the asset.

The Museum invests in certificates of deposit (CD) and corporate bonds traded in financial markets. The CDs and bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions. These investments are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2024:

		Fair Value Measurement at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments				
Money market funds (at cost)	\$ 61,043	\$ -	\$ -	\$ -
Certificates of deposit	1,025,059	-	1,025,059	-
	<u>\$ 1,086,102</u>	<u>\$ -</u>	<u>\$ 1,025,059</u>	<u>\$ -</u>
Endowment Investments				
Money market funds (at cost)	\$ 15,538	\$ -	\$ -	\$ -
Corporate bonds	22,854	-	22,854	-
	<u>\$ 38,392</u>	<u>\$ -</u>	<u>\$ 22,854</u>	<u>\$ -</u>

**Note 4 - Property and Equipment**

Property and equipment consist of the following at December 31, 2024:

Land, land improvements, and infrastructure	\$ 4,650,900
Ground lease acquisition costs	2,871,383
Building and building improvements	9,729,987
Furniture and equipment	<u>2,769,419</u>
	20,021,689
Less accumulated depreciation and amortization	<u>(7,440,589)</u>
	12,581,100
Construction in progress	<u>1,637,275</u>
	<u><u>\$ 14,218,375</u></u>

During the year ended December 31, 2012, the Museum entered into a 50-year ground lease with multiple options to extend through 2097 for the space on Centennial Airport grounds to build the Museum's second campus of Exploration of Flight. The ground lease acquisition costs have been prepaid for the initial duration of the lease term and are amortized annually.

On November 1, 2019, the Museum entered into a 20-year sublease with a third-party for a parcel of land covered by the ground lease. Annual payments of \$41,935 will commence in year 11. The Museum retains substantially all of the risks and benefits under the original ground lease.

The Museum completed one of two large capital projects in 2024. The completed project was the construction of a new Taxilane at Centennial Airport under the terms of the land lease with the Arapahoe Airport Authority. Project costs totaled \$798,242 and was completed in November 2024. The second capital project in progress involved roof repair at the Lowry Museum facility that commenced in late 2023 and is scheduled for completion in May 2025. Total costs for this project through year end amounted to \$1,124,775. The remainder of construction-in-progress is related to a number of smaller initiatives.

**Note 5 - Notes Payable**

The Museum has a non-interest-bearing construction note payable to a foundation in an amount up to \$3,336,491. The note matures on January 1, 2029, and is due in eleven semi-annual installment payments of \$114,325 with a final payment of \$118,431. The remaining balance of \$1,033,027 is subject to forgiveness of up to \$1,000,000 based on multiple conditions. The note is collateralized by the Deed of Trust on a track of land at Exploration of Flight at Centennial.

The Museum also has a non-interest-bearing construction note payable to a County Airport Authority in the amount of \$250,000. The note matures on January 1, 2029, and is due in 60 monthly installment payments of \$4,167 that commenced in May 2024.



Total interest expense recognized for both notes as donated during the year ended December 31, 2024, was \$56,236.

Future maturities of the notes payable are as follows:

<u>Years Ending December 31,</u>	
2025	\$ 278,649
2026	278,649
2027	278,649
2028	278,649
2029	<u>135,098</u>
	<u><u>\$ 1,249,694</u></u>

## Note 6 - Endowment

The Museum's endowment (Endowment) consists of a single endowment gift established to provide annual funding for the educational program. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Museum's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2024, there were no such donor stipulations. As a result of this interpretation, the Museum retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

# Wings Over the Rockies Air & Space Museum

Notes to Financial Statements

December 31, 2024

As of December 31, 2024, the Museum had the following Endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Endowment Funds			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	\$ -	\$ 20,000	\$ 20,000
Accumulated investment gains	-	18,392	18,392
	<u>\$ -</u>	<u>\$ 38,392</u>	<u>\$ 38,392</u>

## Investment and Spending Policies

The Museum has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. The Endowment is invested in money market funds and corporate bonds. The Museum expects the Endowment, over time, to provide a rate of return sufficient to preserve the original fair values of the endowment assets. Actual returns in a given year may vary. Net investment earnings in excess of the original gift amount are available for appropriation for the educational programs at the discretion of the Board of Directors.

Changes in Endowment net assets for the year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 37,007	\$ 37,007
Net investment return	-	1,385	1,385
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 38,392</u>	<u>\$ 38,392</u>

**Note 7 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2024:

Subject to Expenditure for Specified Purpose	
Educational programs	\$ 519,780
Restoration and exhibits	23,384
Facilities improvements	124,433
Endowment	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for educational programs	18,392
Original donor-restricted gift amount required to be maintained in perpetuity	<u>20,000</u>
	<u><u>\$ 705,989</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows during the year ended December 31, 2024:

Satisfaction of Purpose Restrictions	
Educational programs	\$ 822,717
Restoration and exhibits	205,734
Event sponsorship	20,000
Facilities improvements	<u>798,242</u>
	<u><u>\$ 1,846,693</u></u>

**Note 8 - Employee Benefits**

The Museum sponsors a tax-deferred annuity plan (the Plan), qualified under IRC Section 403(b), covering substantially all employees who work 1,000 hours in a year. Once the employee works 1,000 in a year, they are entitled to a discretionary matching contribution. The Plan also provides that qualified employees may voluntarily contribute a percentage of their salary to the Plan, up to the maximum contribution allowed by the IRS. During the year ended December 31, 2024, the Museum contributed \$56,307 to the Plan.

**Note 9 - Commitments and Contingencies****Lowry Economic Redevelopment Authority Grant**

The United States of America, through the Secretary of the Air Force and the Lowry Economic Redevelopment Authority, has granted to the Museum, through a quitclaim deed dated September 4, 2001, all right, title and interest to Building 401, the historic Lowry Air Force Base Hanger No. 1, which now houses the Museum's Lowry operations. The deed contains a restriction whereby the Museum must maintain and use the building continuously for educational purposes and remain a qualified 501(c)(3) educational organization under the Internal Revenue Code of 1986 for a period of 30 years from the date of the deed. The Museum may release this restriction through payment of a pro rata portion of the restriction. The Museum has no intention to release the restriction. In the event of default of any of the deed restrictions, title reverts to the United States of America.

**Easement – National Conference of State Legislatures**

The Museum has an agreement with the National Conference of State Legislatures (NCSL) regarding a common easement at Lowry. The NCSL funded the costs of certain improvements to the easement in return for a mortgage on the Museum's property which becomes due only if the Museum discontinues operations or sells the property. The principal amount of the mortgage is \$100,000 and bears interest at the prime rate. Accrued interest approximated \$164,637 at December 31, 2024. Neither the note nor any accrued interest thereon has been recorded in the financial statements of the Museum.

**Employee Retention Credit**

The Museum's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates. Any disallowed claims resulting from such examination could be subject to repayment to the federal government.