

Financial Statements
December 31, 2025

Wings Over the Rockies Air & Space Museum

(With Comparative Totals for 2024)

Wings Over the Rockies Air & Space Museum

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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, 2025, 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, 2025 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 2024 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 June 3, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Denver, Colorado
June 3, 2026

Wings Over the Rockies Air & Space Museum

Statement of Financial Position

December 31, 2025

(with comparative totals for 2024)

	2025	2024
Assets		
Cash and cash equivalents	\$ 605,449	\$ 494,579
Investments	14,384	1,086,102
Receivable from Scientific and Cultural Facilities District	217,276	197,792
Promises to give	1,000	9,448
Prepaid expenses and other assets	164,230	416,063
Museum store inventory	79,896	172,865
Restricted cash	-	129,432
Property and equipment, net	13,257,400	14,218,375
Endowment investments	41,438	38,392
Collections (Note 1)		
Total assets	\$ 14,381,073	\$ 16,763,048
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 526,157	\$ 628,303
Deferred rental revenue	217,610	216,288
Deferred membership revenue	58,922	66,643
Notes payable	971,045	1,249,694
Total liabilities	1,773,734	2,160,928
Net Assets		
Without donor restrictions	11,793,270	13,896,131
With donor restrictions		
Purpose restrictions	794,069	685,989
Perpetual in nature	20,000	20,000
Total net assets	814,069 12,607,339	705,989 14,602,120
Total liabilities and net assets	\$ 14,381,073	\$ 16,763,048

Wings Over the Rockies Air & Space Museum

Statement of Activities

Year Ended December 31, 2025

(with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	
Support, Revenue, and Gains				
Admissions and memberships	\$ 2,192,848	\$ -	\$ 2,192,848	\$ 2,219,905
Facilities rental	1,247,063	-	1,247,063	1,203,426
Museum store sales	389,958	-	389,958	513,417
Less cost of goods sold	(196,067)	-	(196,067)	(235,872)
Net museum store sales	193,891	-	193,891	277,545
Contributions	499,159	1,035,009	1,534,168	1,390,922
Scientific and Cultural Facilities District	775,741	-	775,741	703,131
Gross special events revenue				
Ticket sales and auction	158,750	-	158,750	340,571
Less cost of direct benefits to donors	(105,489)	-	(105,489)	(179,599)
Net special events revenue	53,261	-	53,261	160,972
Other income	78,759	-	78,759	97,233
Gain on sale of equipment	16,117	-	16,117	-
Net investment return	24,068	3,046	27,114	95,976
Net assets released from restrictions	929,975	(929,975)	-	-
Total support, revenue, and gains	6,010,882	108,080	6,118,962	6,149,110

Wings Over the Rockies Air & Space Museum

Statement of Activities (continued)

Year Ended December 31, 2025

(with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	
Expenses and losses				
Expenses before depreciation and amortization				
Program services	\$ 4,350,357	\$ -	\$ 4,350,357	\$ 4,398,776
Management and general	2,129,784	-	2,129,784	2,124,456
Fundraising and development	643,408	-	643,408	594,872
Total expenses before depreciation and amortization	7,123,549	-	7,123,549	7,118,104
Depreciation and amortization	881,860	-	881,860	855,783
Total expenses	8,005,409	-	8,005,409	7,973,887
Loss on sublease termination	108,334	-	108,334	-
Total expenses and losses	8,113,743	-	8,113,743	7,973,887
Change in Net Assets	(2,102,861)	108,080	(1,994,781)	(1,824,777)
Net Assets, Beginning of Year	13,896,131	705,989	14,602,120	16,426,897
Net Assets, End of Year	\$ 11,793,270	\$ 814,069	\$ 12,607,339	\$ 14,602,120

Wings Over the Rockies Air & Space Museum

Statement of Functional Expenses

Year Ended December 31, 2025

(with comparative totals for 2024)

	2025				2024
	Program Services	Management and General	Fundraising and Development	Total	
Personnel Costs					
Salaries and wages	\$ 1,967,134	\$ 839,777	\$ 423,985	\$ 3,230,896	\$ 3,184,430
Employee benefits	158,620	189,213	38,417	386,250	344,195
Payroll taxes	154,283	65,439	32,845	252,567	248,964
Total personnel costs	2,280,037	1,094,429	495,247	3,869,713	3,777,589
Occupancy and insurance	831,221	91,902	2,747	925,870	856,247
Depreciation and amortization	837,767	44,093	-	881,860	855,783
Professional services	369,067	374,594	65,292	808,953	952,952
Office expenses	320,132	43,797	17,002	380,931	540,855
Advertising and promotion	67,716	228,556	13,915	310,187	294,148
Exhibit rentals	257,557	-	-	257,557	114,386
Museum store cost of goods sold	196,067	-	-	196,067	235,872
Information technology	52,079	95,435	13,985	161,499	172,754
Conferences, conventions and meetings	61,445	74,476	23,649	159,570	147,915
Bank fees and interest	73,863	77,214	4,817	155,894	163,067
Cost of direct benefit to donors	-	-	105,489	105,489	179,599
Other	30,174	30,937	6,754	67,865	56,374
Equipment rental and maintenance	7,066	18,444	-	25,510	41,817
Total expenses by function	5,384,191	2,173,877	748,897	8,306,965	8,389,358
Less Expenses Included with Revenues on the statement of activities					
Museum store cost of goods sold	(196,067)	-	-	(196,067)	(235,872)
Cost of direct benefit to donors	-	-	(105,489)	(105,489)	(179,599)
Less Depreciation and Amortization	(837,767)	(44,093)	-	(881,860)	(855,783)
Total expenses included in the expense section on the statement of activities	\$ 4,350,357	\$ 2,129,784	\$ 643,408	\$ 7,123,549	\$ 7,118,104

Wings Over the Rockies Air & Space Museum

Statement of Cash Flows

Year Ended December 31, 2025

(with comparative totals for 2024)

	2025	2024
Operating Activities		
Change in net assets	\$ (1,994,781)	\$ (1,824,777)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization	881,860	855,783
Gain on sale of equipment	(16,117)	-
Loss on sublease termination	108,334	-
Endowment net investment return	(3,046)	(1,385)
Changes in operating assets and liabilities:		
Receivable from Scientific and Cultural Facilities District	(19,484)	16,646
Promises to give	8,448	188,822
Prepaid expenses and other assets	143,499	(112,183)
Museum store inventory	92,969	30,210
Accounts payable and accrued expenses	(102,146)	19,899
Deferred rental revenue	1,322	26,734
Deferred membership revenue	(7,721)	5,282
Net Cash used for Operating Activities	(906,863)	(794,969)
Investing Activities		
Purchases of investments	(1,018,508)	(346,813)
Sale proceeds of investments	2,090,226	1,463,322
Proceeds from sale of property and equipment	180,459	-
Purchases of property and equipment	(85,227)	(887,310)
Net Cash from Investing Activities	1,166,950	229,199
Financing Activities		
Principal payments on notes payable	(278,649)	(261,982)
Net Cash used for Financing Activities	(278,649)	(261,982)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(18,562)	(827,752)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	624,011	1,451,763
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 605,449	\$ 624,011
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, 2024, 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 Museum had no restricted cash as of December 31, 2025.

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, 2025, all promises to give are expected to be collected within one year and 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, 2025, management has determined no allowance is necessary.

Property and Equipment

Property and equipment additions of 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, 2025.

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, 2025.

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, 2025, one grantee accounted for 52% 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 \$775,741 from SCFD during the year ended December 31, 2025. At December 31, 2025, \$217,276 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, 2025.

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, 2025.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$293,727 during the year ended December 31, 2025.

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, 2025, the Museum had approximately \$304,000 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.

Subsequent Events

The Museum has evaluated subsequent events through June 3, 2026, 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	\$ 605,449
Investments	14,384
Receivable from Scientific and Cultural Facilities District	217,276
Promises to give	<u>1,000</u>
	<u>\$ 838,109</u>

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. The Museum also has access to a line of credit up to \$400,000 (Note 6).

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, 2025

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 corporate bonds traded in financial markets. The 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, 2025:

	Total	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)
Investments				
Money market funds (at cost)	\$ 14,384	\$ -	\$ -	\$ -
	<u>\$ 14,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment Investments				
Money market funds (at cost)	\$ 17,850	\$ -	\$ -	\$ -
Corporate bonds	23,588	-	23,588	-
	<u>\$ 41,438</u>	<u>\$ -</u>	<u>\$ 23,588</u>	<u>\$ -</u>

Note 4 - Property and Equipment

Property and equipment consist of the following at December 31, 2025:

Land, land improvements, and infrastructure	\$ 4,650,900
Ground lease acquisition costs	2,871,383
Building and building improvements	10,934,593
Furniture and equipment	<u>2,618,912</u>
	21,075,788
Less accumulated depreciation and amortization	<u>(8,270,317)</u>
	12,805,471
Construction in progress	<u>451,929</u>
	<u><u>\$ 13,257,400</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 were to commence in year 11. The Museum retained substantially all of the risks and benefits under the original ground lease. During 2025, the sublease was terminated and the associated deferred rent of \$108,334 was written off.

The 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 \$804,378 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. Subsequent to year end, the entire balance of \$804,378 was forgiven by the foundation.

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. As of December 31, 2025, the remaining balance is \$166,667.

Total interest expense recognized for both notes as donated during the year ended December 31, 2025, was \$54,773.

Future maturities of the notes payable are as follows:

<u>Years Ending December 31,</u>	
2026	\$ 854,378
2027	50,000
2028	50,000
2029	<u>16,667</u>
	<u>\$ 971,045</u>

Note 6 - Line of Credit

The Museum entered into a line of credit in September 2025 for use of up to \$400,000 bearing interest at the prime rate plus 1% (7.75% as of December 31, 2025). As December 31, 2025, no amounts are outstanding on this line of credit.

Note 7 - 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, 2025, 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.

Wings Over the Rockies Air & Space Museum

Notes to Financial Statements

December 31, 2025

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

As of December 31, 2025, 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	-	21,438	21,438
	\$ -	\$ 41,438	\$ 41,438

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, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 38,392	\$ 38,392
Net investment return	-	3,046	3,046
Endowment net assets, end of year	\$ -	\$ 41,438	\$ 41,438

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2025:

Subject to Expenditure for Specified Purpose	
Educational programs	\$ 454,458
Restoration and exhibits	193,740
Facilities improvements	124,433
Endowment	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for educational programs	21,438
Original donor-restricted gift amount required to be maintained in perpetuity	<u>20,000</u>
	<u>\$ 814,069</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows during the year ended December 31, 2025:

Satisfaction of Purpose Restrictions	
Educational programs	\$ 794,283
Restoration and exhibits	<u>135,692</u>
	<u>\$ 929,975</u>

Note 9 - 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, 2025, the Museum contributed \$56,737 to the Plan.

Note 10 - 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 \$182,711 at December 31, 2025. Neither the note nor any accrued interest thereon has been recorded in the financial statements of the Museum.