

MARCH FIELD MUSEUM FOUNDATION, INC. INC.

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

MARCH FIELD MUSEUM FOUNDATION, INC.

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WERNER & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
March Field Museum foundation, Inc.
March Air Force Base, CA

Opinion

We have audited the accompanying financial statements of March Field Museum Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of March Field Museum Foundation, Inc. as of December 31, 2021, 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 for audit in accordance with auditing standards generally accepted in the United States of America. 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 the Organization 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 the 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 raises substantial doubt about the Organization's ability to continue as a going concern within 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 misstatements, 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood 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 generally accepted auditing standards , we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 the Organization 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 the Organization'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.

Werner & Company Inc.
Werner & Company Inc. CPA'S
November 3, 2023

MARCH FIELD MUSEUM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 481,027	\$ 133,493	\$ 614,520
Inventory	63,324		63,324
Prepaid expenses	3,783		3,783
Total Current Assets	<u>548,134</u>	<u>133,493</u>	<u>681,627</u>
PROPERTY AND EQUIPMENT			
Building and leasehold improvements	2,327,399		2,327,399
Equipment	387,400		387,400
Less accumulated depreciation	<u>(1,518,613)</u>		<u>(1,518,613)</u>
Total Property and Equipment	<u>1,196,186</u>		<u>1,196,186</u>
TOTAL ASSETS	<u>\$ 1,744,320</u>	<u>\$ 133,493</u>	<u>\$ 1,877,813</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 4,724	\$	\$ 4,724
Sales tax payable	7,502		7,502
Accrued wages and vacation	13,284		13,284
Deferred revenues	4,375		4,375
Current portion of long term debt	<u>3,142</u>		<u>3,142</u>
Total Current Liabilities	<u>33,027</u>		<u>33,027</u>
LONG TERM DEBT			
Paycheck Protection Program loan	63,750		63,750
Note payable SBA less current portion	<u>145,070</u>		<u>145,070</u>
Total Long Term Debt	<u>208,820</u>		<u>208,820</u>
TOTAL LIABILITIES	<u>241,847</u>		<u>241,847</u>
NET ASSETS			
Without Donor Restrictions	1,502,473		1,502,473
With Donor Restrictions	<u></u>	<u>133,493</u>	<u>133,493</u>
Total Net Assets	<u>1,502,473</u>	<u>133,493</u>	<u>1,635,966</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,744,320</u>	<u>\$ 133,493</u>	<u>\$ 1,877,813</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MARCH FIELD MUSEUM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 184,380	\$ 56,826	\$ 241,206
Memberships	16,326		16,326
Museum admissions	426,098		426,098
Store sales, less cost of goods sold	155,633		155,633
Museum tours	22,108		22,108
Museum events	40,205		40,205
Facility rental and contracts	107,240		107,240
Cell tower rental	71,750		71,750
Interest income	200	57	257
Other revenues	2,651		2,651
Net assets released from restriction by payment	4,918	(4,918)	-
Total support and revenues	<u>1,031,509</u>	<u>51,965</u>	<u>1,083,474</u>
EXPENSES			
Program services	790,404		790,404
Management and general	44,907		44,907
Fundraising	22,830		22,830
Total expenses	<u>858,141</u>		<u>858,141</u>
CHANGE IN NET ASSETS	173,368	51,965	225,333
NET ASSETS AT BEGINNING OF YEAR	<u>1,329,105</u>	<u>81,528</u>	<u>1,410,633</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,502,473</u></u>	<u><u>\$ 133,493</u></u>	<u><u>\$ 1,635,966</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MARCH FIELD MUSEUM FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 181,947	\$ 17,325	\$ 10,650	\$ 209,922
Payroll taxes	23,645	2,185	1,475	27,305
Employee benefits	39,268	810	405	40,483
Accounting	5,398	1,600	800	7,798
Advertising	3,459			3,459
Office	38,771	11,000	5,500	55,271
Computer expenses	26,783	7,700	4,000	38,483
Occupancy	160,508			160,508
Meetings		121		121
Interest	347	2,699		3,046
Depreciation	78,626			78,626
Insurance	14,278	1,192		15,470
Volunteer support	3,877			3,877
Special events	22,057			22,057
Collections and exhibit costs	176,355			176,355
Auto and travel	9,877			9,877
Other	5,208	275		5,483
Total	<u>\$ 790,404</u>	<u>\$ 44,907</u>	<u>\$ 22,830</u>	<u>\$ 858,141</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MARCH FIELD MUSEUM FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 225,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	78,626
(Increase) in inventory	(7,126)
(Increase) in prepaid expenses	(949)
(Decrease) in accounts payable	(4,276)
Increase in accrued wages	3,992
Increase in sales tax payable	3,776
Increase in deferred revenues	75
Net cash provided by operating activities	<u>299,451</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(51,697)</u>
Net cash provided (used) by investing activities	<u>(51,697)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Paycheck Protection Program loan	63,750
Payments of note payable SBA	<u>(1,788)</u>
Net cash provided by financing activities	<u>61,962</u>

NET INCREASE IN CASH 309,716

CASH BALANCE, BEGINNING OF YEAR 304,804

CASH BALANCE, END OF YEAR \$ 614,520

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MARCH FIELD MUSEUM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

ENTITY

March Field Museum Foundation, Inc.(the “Organization”) is a non-profit Corporation organized to educate present and future generations by collecting, exhibiting, restoring, and maintaining artifacts and historical aircraft for public viewing. Revenues are received from public contributions, admission fees, contract services and sale of merchandise...

BASIS OF ACCOUNTING

The financial records of March Field Museum Foundation, Inc. are maintained and the accompanying financial statements have been prepared on the accrual basis.

PROPERTY AND EQUIPMENT

Property, and equipment are originally recorded at the cost of acquisition or fair market value at the date of gift if donated to the Organization. Repairs, maintenance, and minor replacements costing less than \$1,000 are expensed as incurred.

Depreciation is computed by the straight-line method over lives ranging from three years for furnishings to seven years for equipment

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets, revenues and support are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

MARCH FIELD MUSEUM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of trade receivables. In the normal course of business, the Organization provides credit term to its customers. Accordingly, the Organization performs ongoing credit evaluations of its customers and maintains allowances for possible losses which, when realized, have been within the range of management's expectations. The organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021 the organization's uninsured cash balances total \$ 364,520.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments including cash, accounts receivables, accounts payable, and other accrued liabilities approximate their respective book values at December 31, 2021.

TAXES

The Organization is exempt from Federal and State income taxes as a California non-profit Corporation under Section 501 (c) (3) of the Internal Revenue Code, except for amounts representing unrelated business income. The Organization had no unrelated business income for the year. Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state tax returns are more likely than not to be sustained upon examination. The Organization's tax returns are subject to examination by federal taxing authorities for a period of three years from the date they are filed and for a period of four years for California taxing authorities.

MARCH FIELD MUSEUM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

ADVERTISING

Advertising costs are expensed as incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses for salaries, payroll taxes and employee benefits are allocated based on estimates of time and effort. Expenses for other operating expenses are allocated based on estimated usage of space.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Building and leasehold improvements	\$ 2,327,399
Equipment	<u>387,400</u>
Total	2,714,799
Accumulated depreciation	<u>(1,518,613)</u>
Net	<u>\$ 1,196,186</u>

Depreciation expense for the year was \$ 78,626.

NOTE 3 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 3, 2023, the date the financial statements were available to be issued.

NOTE 4 INVENTORY

Inventory consists of merchandise available for sale to the general public related to the mission of the Organization. The inventory is stated at cost.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of amounts received from donors with a designated purpose restriction by the donor. As the funds are spent the restriction is released to unrestricted net assets.

MARCH FIELD MUSEUM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2021 and the amounts of those financial assets that are available for use within one year to meet general operations:

Cash	<u>\$ 481,027</u>
Total Financial Assets	<u>\$ 481,027</u>

The financial assets as of December 31, 2021 meets the needs of the Organization for normal operating expenses which historically average \$ 65,000 per month.

NOTE 7 NOTE PAYABLE-SBA

In 2020 the Organization received a loan from the U.S. Small Business Administration for \$150,000. The loan matures in 2050. The note requires monthly payment of interest and principal of \$641. The annual interest rate is 2.75%. The Organization is required to use the proceeds of the loan solely as working capital to alleviate economic injury caused by the disaster which began in 2020.

Maturities of the note are as follows:

Year ending December 31,

2022	\$ 3,142
2023	3,240
2024	3,343
2025	3,448
Following	<u>\$ 135,239</u>
Total	<u>\$ 148,212</u>

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN

In 2021 the Organization received a loan in the amount of \$63,750 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provided for loan to qualifying business and organizations for amounts up to 2.5 times the average monthly payroll of the organization. The loans and interest are forgivable as long as the organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The Organization applied for and received forgiveness of the loan in 2022.