

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Financial Statements
December 31, 2023 and 2022
with Independent Auditor's Report

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

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Independent Auditor's Report

To the Board of Directors of
The Aviation Hall of Fame, Inc. and Related Entity
Dayton, Ohio

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of The Aviation Hall of Fame, Inc. and Related Entity (a nonprofit organization) which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Aviation Hall of Fame, Inc. and Related Entity as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Aviation Hall of Fame, Inc. and Related Entity and to meet my other ethical responsibilities in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibility of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Aviation Hall of Fame, Inc. and Related Entity'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 Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 and *Government 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 consolidated 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 Aviation Hall of Fame, Inc. and Related Entity'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 consolidated financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt The Aviation Hall of Fame, Inc. and Related Entity's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 23, 2024, on my consideration of The Aviation Hall of Fame, Inc. and Related Entity's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Aviation Hall of Fame, Inc. and Related Entity's internal control over financial reporting and compliance.

Matthew J. Scarr, CPA LLC

Centerville, Ohio
September 23, 2024

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Financial Position

December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 624,147	241,799	865,946
Accounts receivable, trade	-	1,218	1,218
Inventory, art available for sale	14,374	-	14,374
Prepaid expenses	7,150	-	7,150
Total current assets	<u>645,671</u>	<u>243,017</u>	<u>888,688</u>
Investments	<u>877,709</u>	<u>-</u>	<u>877,709</u>
Leasehold improvements, exhibits and equipment, net	<u>-</u>	<u>1,628,788</u>	<u>1,628,788</u>
Other assets:			
Restricted cash	-	62,725	62,725
Long-term accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>
Total other assets	<u>-</u>	<u>62,725</u>	<u>62,725</u>
Total assets	<u>\$ 1,523,380</u>	<u>1,934,530</u>	<u>3,457,910</u>
Current liabilities:			
Accounts payable	\$ 50,390	-	50,390
Deferred revenue	30,000	-	30,000
Total current liabilities	<u>80,390</u>	<u>-</u>	<u>80,390</u>
Net assets:	<u>1,442,990</u>	<u>1,934,530</u>	<u>3,377,520</u>
Total liabilities and net assets	<u>\$ 1,523,380</u>	<u>1,934,530</u>	<u>3,457,910</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Financial Position

December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 565,375	229,908	795,283
Accounts receivable, trade	-	41,841	41,841
Inventory, art available for sale	14,374	-	14,374
Prepaid expenses	1,910	-	1,910
Total current assets	<u>581,659</u>	<u>271,749</u>	<u>853,408</u>
Investments	<u>775,330</u>	<u>-</u>	<u>775,330</u>
Leasehold improvements, exhibits and equipment, net	<u>-</u>	<u>1,091,762</u>	<u>1,091,762</u>
Other assets:			
Restricted cash	-	62,220	62,220
Long-term accounts receivable	<u>-</u>	<u>61,789</u>	<u>61,789</u>
Total other assets	<u>-</u>	<u>124,009</u>	<u>124,009</u>
Total assets	<u>\$ 1,356,989</u>	<u>1,487,520</u>	<u>2,844,509</u>
Current liabilities:			
Accounts payable	\$ 127,058	-	127,058
Deferred revenue	165,051	-	165,051
Total current liabilities	<u>292,109</u>	<u>-</u>	<u>292,109</u>
Net assets:	<u>1,064,880</u>	<u>1,487,520</u>	<u>2,552,400</u>
Total liabilities and net assets	<u>\$ 1,356,989</u>	<u>1,487,520</u>	<u>2,844,509</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Activities

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Support:			
Contributions	\$ 1,767,823	447,010	2,214,833
Memberships	35,907	-	35,907
In-kind contributions	65,470	-	65,470
	<u>1,869,200</u>	<u>447,010</u>	<u>2,316,210</u>
Revenues:			
Enshrinement ceremonies	461,375	-	461,375
Investment income, net of fees	33,973	-	33,973
Unrealized gain on investments	85,044	-	85,044
Realized gain on investments	3,811	-	3,811
Other revenue	8,012	-	8,012
	<u>592,215</u>	<u>-</u>	<u>592,215</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>2,461,415</u>	<u>447,010</u>	<u>2,908,425</u>
Expenses:			
Program services	1,806,718	-	1,806,718
Management and general	239,105	-	239,105
Fundraising	37,482	-	37,482
Total expenses	<u>2,083,305</u>	<u>-</u>	<u>2,083,305</u>
Change in net assets	378,110	447,010	825,120
Net assets, beginning of year	<u>1,064,880</u>	<u>1,487,520</u>	<u>2,552,400</u>
Net assets, end of year	<u>\$ 1,442,990</u>	<u>1,934,530</u>	<u>3,377,520</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Activities

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Support:			
Contributions	\$ 1,376,628	56,743	1,433,371
Memberships	26,720	-	26,720
In-kind contributions	13,866	-	13,866
	<u>1,417,214</u>	<u>56,743</u>	<u>1,473,957</u>
Revenues:			
Enshrinement ceremonies	328,991	-	328,991
Investment income, net of fees	24,796	-	24,796
Unrealized loss on investments	(311,281)	-	(311,281)
Realized gain on investments	180,676	-	180,676
Other revenue	35,773	-	35,773
	<u>258,955</u>	<u>-</u>	<u>258,955</u>
Net assets released from restrictions	<u>149,662</u>	<u>(149,662)</u>	<u>-</u>
Total support and revenues	<u>1,825,831</u>	<u>(92,919)</u>	<u>1,732,912</u>
Expenses:			
Program services	1,247,590	-	1,247,590
Management and general	458,985	-	458,985
Fundraising	41,268	-	41,268
Total expenses	<u>1,747,843</u>	<u>-</u>	<u>1,747,843</u>
Change in net assets	77,988	(92,919)	(14,931)
Net assets, beginning of year	<u>986,892</u>	<u>1,580,439</u>	<u>2,567,331</u>
Net assets, end of year	<u>\$ 1,064,880</u>	<u>1,487,520</u>	<u>2,552,400</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services		Supporting Services		
	Heritage Hall and Education Center	Enshrinement	Management and General	Fundraising	Total
Payroll	\$ 76,102	85,428	115,024	23,299	299,853
Payroll taxes	19,282	697	939	190	21,108
Office supplies	8,727	9,795	13,181	2,678	34,381
Repair and maintenance	1,791	2,010	2,705	549	7,055
Equipment expense	344	-	-	-	344
Utilities	21,259	768	1,035	210	23,272
Telephone	564	633	853	173	2,223
Postage and shipping	-	-	9,645	-	9,645
Dues and memberships	-	-	330	-	330
Printing	-	-	2,999	-	2,999
Bank fees	-	-	12,768	-	12,768
Professional fees	-	-	43,006	-	43,006
Media and marketing	-	2,854	732	-	3,586
Payroll service fees	339	380	512	104	1,335
Volunteer expenses	2,296	-	-	-	2,296
Contract services	297,442	-	9,810	-	307,252
Insurance	39,346	1,421	1,917	388	43,072
Travel	-	8,472	1,984	-	10,456
Conferences	2,378	-	2,438	-	4,816
Development	-	-	-	8,146	8,146
Supplies	445,270	-	-	-	445,270
Learning Center expenses	6,679	-	-	-	6,679
Enshrinement expenses	-	515,003	-	-	515,003
NBAA Conference	12,075	-	8,166	-	20,241
In-kind expenses	141,318	5,105	6,885	1,392	154,700
Miscellaneous	38,577	408	1,986	110	41,081
Depreciation and amortization	59,056	899	2,190	243	62,388
	<u>\$ 1,172,845</u>	<u>633,873</u>	<u>239,105</u>	<u>37,482</u>	<u>2,083,305</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Heritage Hall and Education Center</u>	<u>Enshrinement</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 78,772	88,426	119,060	24,116	310,374
Payroll taxes	19,538	706	952	192	21,388
Office supplies	649	728	979	199	2,555
Repair and maintenance	2,004	2,249	3,026	615	7,894
Equipment expense	2,918	-	-	-	2,918
Utilities	21,015	759	1,023	208	23,005
Telephone	1,030	1,156	1,556	315	4,057
Postage and shipping	-	-	10,382	-	10,382
Dues and memberships	-	-	1,688	-	1,688
Printing	-	-	23,155	-	23,155
Bank fees	-	-	16,033	-	16,033
Professional fees	-	-	37,520	-	37,520
Media and marketing	-	2,779	713	-	3,492
Payroll service fees	579	651	876	177	2,283
Volunteer expenses	4,593	-	-	-	4,593
Contract services	-	202,638	152,706	-	355,344
Insurance	29,744	1,075	1,449	293	32,561
Travel	-	15,629	2,611	-	18,240
Conferences	1,136	-	1,164	-	2,300
Development	-	-	-	13,378	13,378
Supplies	209,835	-	-	-	209,835
Learning Center expenses	9,024	-	-	-	9,024
Enshrinement expenses	-	271,869	-	-	271,869
NBAA Conference	35,681	-	6,555	-	42,236
In-kind expenses	141,318	5,105	6,885	1,392	154,700
Miscellaneous	2,487	13	67,238	4	69,742
Depreciation and amortization	92,084	1,400	3,414	379	97,277
	<u>\$ 652,407</u>	<u>595,183</u>	<u>458,985</u>	<u>41,268</u>	<u>1,747,843</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 825,120	(14,931)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	62,388	97,277
Unrealized (gain) loss on investments	(85,044)	311,281
Realized gain on investments	(3,811)	(180,676)
Effects of changes in operating assets and liabilities:		
Accounts receivable, trade	40,623	240,600
Prepaid expenses	(5,240)	11,969
Restricted cash	(505)	297
Long-term accounts receivable	61,789	208,318
Accounts payable	(76,668)	96,354
Deferred revenue	<u>(135,051)</u>	<u>(124,949)</u>
Net cash provided by operating activities	<u>683,601</u>	<u>645,540</u>
Cash flows from investing activities:		
Purchases of leasehold improvements, exhibits and equipment	(599,414)	(474,047)
Net (purchases) sales of investments	<u>(13,524)</u>	<u>227,485</u>
Net cash used by investing activities	<u>(612,938)</u>	<u>(246,562)</u>
Change in cash and cash equivalents	70,663	398,978
Cash and cash equivalents - beginning of year	<u>795,283</u>	<u>396,305</u>
Cash and cash equivalents - end of year	<u>\$ 865,946</u>	<u>\$ 795,283</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

1. NATURE OF OPERATIONS:

The Aviation Hall of Fame, Inc. is a nonprofit corporation formed in 1964. The National Aviation Hall of Fame, Inc. is a nonprofit corporation formed in 1962. These two nonprofit corporations are located in Dayton, Ohio and operate together as the National Aviation Hall of Fame, and are collectively referred to in these consolidated financial statements as the "Organization." The consolidated financial statements include the accounts of the National Aviation Hall of Fame, Inc., while The Aviation Hall of Fame, Inc. is an inactive entity.

The Organization's purpose is to preserve and memorialize the outstanding accomplishments of individuals who have contributed to aviation achievement in the United States of America. The Organization receives income primarily from contributions and exhibitions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Organization are set forth to facilitate the understanding of data presented in the financial statements:

Method of accounting—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Basis of 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. A description of each class as it pertains to the Organization is as follows:

Net Assets With Donor Restrictions—Net assets subject to donor (or certain grantor) 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 imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Revenue recognition—The Organization records contributions as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the year in which the contributions are received.

Contributions of services, facilities and materials (“in-kind”) which meet the requirement for recognition are reported as revenues and expenses at estimated fair market values. These recorded amounts primarily relate to the Organization’s right to occupy its building at no cost under an agreement with the State of Ohio, and various noncash contributions. In addition to the recorded contributions, a substantial number of volunteers have donated significant amount of their time to the Organization’s program services and fundraising activities. Since these services do not meet the requirement for recognition, the value thereof is not reflected in the accompanying financial statements.

Cash and cash equivalents—Interest-bearing deposits and short-term investment with original maturities of three months or less are classified as cash equivalents.

Accounts receivable—The Organization carries its receivables at cost. On a periodic basis, the Organization evaluates these amounts based on current information and believes that all receivable amounts will be collected. Therefore no allowance for doubtful accounts is considered necessary.

Leasehold improvements, exhibits and equipment—Leasehold improvements, exhibits and equipment are stated at cost (fair value at date of donation for donated assets) and depreciated over their estimated useful lives using the straight-line method. Expenditures for maintenance and repairs are charged to expense when incurred.

In the absence of donor stipulations regarding how long contributed assets (including donations of cash or other assets restricted for acquisition of property and equipment) must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets’ useful lives. As a result, all contributions of leasehold improvements, exhibits and equipment are recorded as contributions with donor restrictions and an amount equal to the depreciation on these assets is released from net assets with donor restrictions annually.

Investment valuation and income recognition—The Organization's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gain or loss includes the Organization's gains or losses on investments bought and sold as well as held during the year. Capital gain distributions are included in dividend and in interest income. The Organization's investments are subject to the normal risks associated with financial markets.

Long-term accounts receivable—The Organization rents its space at no cost. Long-term accounts receivable consists of in-kind future building rent benefit at the present value of the estimated lease expense over the twenty-three year term of the lease.

Income taxes—The active entity within the Organization qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required. Management does not believe that the Organization conducts any activities subject to taxation as unrelated business income. In addition, management concluded that there are no uncertain tax positions and, accordingly, there is no adjustment to the financial statements.

With few exceptions, the Organization's federal information returns are no longer subject to examination by the Internal Revenue Service for the years before 2020.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required the Organization to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk—Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of deposits in banks. At times, deposits in banks may exceed federally insured limits.

3. LIQUIDITY AND AVAILABILITY:

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 865,946	795,283
Accounts receivable, trade	1,218	41,841
Investments	877,709	775,330
Restricted cash	<u>62,725</u>	<u>62,220</u>
	1,807,598	1,674,674
Less those unavailable for general expenditures within one year due to purpose restrictions	<u>(305,742)</u>	<u>(333,969)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,501,856</u>	<u>1,340,705</u>

The Organization is substantially supported by contributions, which may contain donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Consequently, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. It is the policy of the Organization to regularly review and assess the need for funds to meet operating obligations and to ensure the availability of cash or collateral to fulfill those requirements.

4. LEASEHOLD IMPROVEMENTS, EXHIBITS AND EQUIPMENT:

Leasehold improvements, exhibits and equipment are summarized as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 190,696	213,238
Leasehold improvements	1,534,901	1,534,901
Permanent exhibits and displays	3,301,387	2,704,431
Temporary exhibits	<u>306,000</u>	<u>306,000</u>
	5,332,984	4,758,570
Less accumulated depreciation and amortization	<u>3,704,196</u>	<u>3,666,808</u>
	<u>\$ 1,628,788</u>	<u>1,091,762</u>

5. INVESTMENTS:

Investments consisted of the following at December 31:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 47,315	47,315	154,767	154,767
Equities	632,023	639,554	699,411	620,562
Mutual funds	<u>188,364</u>	<u>190,840</u>	-	-
	<u>\$ 867,702</u>	<u>877,709</u>	<u>854,178</u>	<u>775,330</u>

6. IN-KIND CONTRIBUTIONS:

In-kind contributions for the years ended December 31, 2023 and 2022 consisted of contributed rent totaling \$65,470 and \$13,866, respectively.

The Organization recognized in-kind contributions within support, all of which were utilized for the Organization's operation. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions.

Contributed rent consist of space provided to the Organization for their operations. Contributed rent is valued and reported at the estimated fair value in the financial statements based on current rates for similar properties.

7. FAIR VALUE MEASUREMENTS:

Investments are measured at fair value. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the assets or liability.
- Level 3 inputs are significant unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompany statement of financial position:

Money market funds, equities, and mutual funds: Value based on quoted market prices in active accounts.

<u>Description</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>December 31, 2023</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Recurring fair value measurements:				
Assets:				
Money market funds	\$ 47,315	47,315	-	-
Equities	639,554	639,554	-	-
Mutual funds	<u>190,840</u>	<u>190,840</u>	<u>-</u>	<u>-</u>
	<u>\$ 877,709</u>	<u>877,709</u>	<u>-</u>	<u>-</u>

<u>Description</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>December 31, 2022</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Recurring fair value measurements:				
Assets:				
Money market funds	\$ 154,767	154,767	-	-
Equities	620,562	620,562	-	-
Mutual funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 775,330</u>	<u>775,330</u>	<u>-</u>	<u>-</u>

8. MISCELLANEOUS EXPENSE:

During 2022 the Organization's electronic accounts payable system was compromised by a cyberattack. As a result, the Organization received and paid approximately \$167,000 in fraudulent invoices. When the fraud was uncovered, the Organization immediately contacted the relevant authorities. The Organization also immediately changed its payment procedures to prevent additional fraud, both from the specific source and from similar types of transactions.

The Organization has since been reimbursed for all but \$67,220 of the lost funds. This amount is included in December 31, 2022 statement of functional expenses as part of miscellaneous expense.

9. RISKS AND UNCERTAINTIES:

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the statement of financial position.

10. SUBSEQUENT EVENTS:

The Organization evaluates events and transactions occurring subsequently to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements considering events through September 23, 2024, the date on which the financial statements were available to be issued.

11. RECLASSIFICATIONS:

Certain reclassifications were made to the 2022 financial statement to present them in conformity with the 2023 statements.

SUPPLEMENTARY INFORMATION

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Pass-through from Ohio Department of Education:			
Governor's Emergency Education Relief Fund	84.425C	N/A	<u>\$ 1,080,806</u>

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The National Aviation Hall of Fame, Inc. and Related Entity under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, changes in net assets, or cash flows of The National Aviation Hall of Fame and Related Entity.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has not elected to use the 10-percent de minimus direct cost rate allowed under Uniform Guidance. The Organization provided no federal awards to sub-recipients.

Note 3 Capitalized Assets

As required by 2 CFR Section 200.312, the respective entity retains revisionary interest in capitalized assets purchased with federal funds.

Matthew J. Scarr, CPA LLC

Certified Public Accountant

808 East Franklin Street
Centerville, OH 45459-5605

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

(937) 232-1200
Fax (937) 435-2863

To the Board of Directors of
The Aviation Hall of Fame, Inc. and Related Entity
Dayton, Ohio

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Aviation Hall of Fame, Inc. and Related Entity, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued my report thereon dated September 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the consolidated financial statements, I considered The Aviation Hall of Fame, Inc. and Related Entity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Aviation Hall of Fame, Inc. and Related Entity's internal control. Accordingly, I do not express an opinion on the effectiveness of The Aviation Hall of Fame, Inc. and Related Entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Aviation Hall of Fame, Inc. and Related Entity's consolidated financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Matthew J. Scarr, CPA LLC

Centerville, Ohio
September 23, 2024

Matthew J. Scarr, CPA LLC

Certified Public Accountant

808 East Franklin Street
Centerville, OH 45459-5605
(937) 232-1200
Fax (937) 435-2863

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
The Aviation Hall of Fame, Inc. and Related Entity
Dayton, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited The Aviation Hall of Fame, Inc. and Related Entity's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Aviation Hall of Fame, Inc. and Related Entity's major federal programs for the year ended December 31, 2023. The Aviation Hall of Fame, Inc. and Related Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, The Aviation Hall of Fame, Inc. and Related Entity's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

I am required to be independent of The Aviation Hall of Fame, Inc. and Related Entity and to meet my other ethical responsibilities, in accordance with relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of The Aviation Hall of Fame, Inc. and Related Entity's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Aviation Hall of Fame, Inc. and Related Entity's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on The Aviation Hall of Fame, Inc. and Related Entity's compliance based on my audit. 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, *Government Audit Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists.

The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about The Aviation Hall of Fame, Inc. and Related Entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Audit Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Aviation Hall of Fame, Inc. and Related Entity's compliance with the compliance requirements referred to above and performing such procedures as I consider necessary in the circumstances.

- Obtain an understanding of The Aviation Hall of Fame, Inc. and Related Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Aviation Hall of Fame, Inc. and Related Entity's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during the audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Matthew J. Scarr, CPA LLC

Centerville, Ohio
September 23, 2024

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes _____ X _____ no

Significant deficiency(ies) identified not

considered to be material weakness(es)?

_____ yes _____ X _____ none reported

Noncompliance material to financial statements
noted?

_____ yes _____ X _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes _____ X _____ no

Significant deficiency(ies) identified not

considered to be material weakness(es)?

_____ yes _____ X _____ none reported

Type of auditor's report issued on compliance
for major programs:

Unmodified Opinion

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR 200.516(a)?

_____ yes _____ X _____ no

Identification of major programs:

Assistance Listing Number(s)

84.425C

Name of Federal Program or Cluster

Governor's Emergency Education Relief Fund

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as a low risk auditee?

_____ X _____ yes _____ no

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2023

Section II - Financial Statement Findings

My audit disclosed no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

My audit disclosed no audit findings required to be reported by 2 CFR section 200.516(a) (for example, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned cost).