

NATIONAL WWI MUSEUM AND MEMORIAL

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

NATIONAL WWI MUSEUM AND MEMORIAL

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
National WWI Museum and Memorial

Opinion

We have audited the accompanying financial statements of National WWI Museum and Memorial (a not-for-profit corporation) (the Museum) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 the Museum as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Museum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 raise substantial doubt about the Museum'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 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 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 the 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 the 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.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, simpler font.

Kansas City, Missouri
September 9, 2025

NATIONAL WWI MUSEUM AND MEMORIAL
STATEMENTS OF FINANCIAL POSITION

| | December 31, | |
|-----------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| ASSETS | | |
| Cash and cash equivalents | \$ 10,689,410 | \$ 14,625,243 |
| Grants and accounts receivable | 669,486 | 1,576,276 |
| Unconditional promises-to-give | 4,250,592 | 2,379,044 |
| Investments | 12,502,890 | 9,653,390 |
| Inventory | 199,128 | 180,222 |
| Prepaid expenses | 157,519 | 97,883 |
| Property and equipment | 29,948,053 | 17,115,573 |
| Operating right-of-use asset | 27,088 | 37,451 |
| Total assets | <u>\$ 58,444,166</u> | <u>\$ 45,665,082</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable | \$ 656,324 | \$ 397,614 |
| Accrued expenses | 313,526 | 231,085 |
| Contract liabilities | 403,242 | 316,268 |
| Operating lease liability | 27,088 | 37,451 |
| | <u>1,400,180</u> | <u>982,418</u> |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated - general operating | 33,843,099 | 21,931,603 |
| Board designated | 1,884,918 | 1,104,211 |
| | <u>35,728,017</u> | <u>23,035,814</u> |
| With donor restrictions | 21,315,969 | 21,646,850 |
| | <u>57,043,986</u> | <u>44,682,664</u> |
| Total liabilities and net assets | <u>\$ 58,444,166</u> | <u>\$ 45,665,082</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|----------------------|
| REVENUES | | | |
| Contributions | \$ 554,311 | \$ 5,742,232 | \$ 6,296,543 |
| Governmental grants | 46,328 | 12,090,153 | 12,136,481 |
| Memberships | 114,557 | - | 114,557 |
| | <u>715,196</u> | <u>17,832,385</u> | <u>18,547,581</u> |
| Special events | | | |
| Revenues | 104,625 | - | 104,625 |
| Contributions | 756,939 | - | 756,939 |
| Less: direct expenses | (294,387) | - | (294,387) |
| | <u>567,177</u> | <u>-</u> | <u>567,177</u> |
| Total public support | 1,282,373 | 17,832,385 | 19,114,758 |
| Admissions, facility use and other | 3,414,497 | - | 3,414,497 |
| Management fees | 627,078 | - | 627,078 |
| Merchandise and café sales, less cost of goods sold of \$330,760 | 341,199 | - | 341,199 |
| Program fees | 86,396 | - | 86,396 |
| Net investment return | 557,721 | 915,967 | 1,473,688 |
| Total revenues | <u>6,309,264</u> | <u>18,748,352</u> | <u>25,057,616</u> |
| Net assets released from restrictions | <u>19,079,233</u> | <u>(19,079,233)</u> | <u>-</u> |
| | <u>25,388,497</u> | <u>(330,881)</u> | <u>25,057,616</u> |
| EXPENSES | | | |
| Program services | | | |
| Museum operations | 7,255,526 | - | 7,255,526 |
| Collections management and research | 1,320,568 | - | 1,320,568 |
| Public programs | 1,075,416 | - | 1,075,416 |
| Total program services | <u>9,651,510</u> | <u>-</u> | <u>9,651,510</u> |
| Supporting services | | | |
| Management and general | 1,953,062 | - | 1,953,062 |
| Fundraising and development | 931,137 | - | 931,137 |
| Total supporting services | <u>2,884,199</u> | <u>-</u> | <u>2,884,199</u> |
| Total expenses | <u>12,535,709</u> | <u>-</u> | <u>12,535,709</u> |
| CHANGE IN NET ASSETS BEFORE COLLECTION PURCHASES | 12,852,788 | (330,881) | 12,521,907 |
| COLLECTION PURCHASES | <u>(160,585)</u> | <u>-</u> | <u>(160,585)</u> |
| CHANGE IN NET ASSETS | 12,692,203 | (330,881) | 12,361,322 |
| NET ASSETS, Beginning of year | <u>23,035,814</u> | <u>21,646,850</u> | <u>44,682,664</u> |
| NET ASSETS, End of year | <u>\$ 35,728,017</u> | <u>\$ 21,315,969</u> | <u>\$ 57,043,986</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| REVENUES | | | |
| Contributions | \$ 474,049 | \$ 8,421,459 | \$ 8,895,508 |
| Governmental grants | 969,422 | 3,409,847 | 4,379,269 |
| Memberships | 153,450 | - | 153,450 |
| | <u>1,596,921</u> | <u>11,831,306</u> | <u>13,428,227</u> |
| Special events | | | |
| Revenues | 97,344 | - | 97,344 |
| Contributions | 689,211 | - | 689,211 |
| Less: direct expenses | (234,538) | - | (234,538) |
| | <u>552,017</u> | <u>-</u> | <u>552,017</u> |
| Total public support | 2,148,938 | 11,831,306 | 13,980,244 |
| Admissions, facility use and other | 3,500,816 | - | 3,500,816 |
| Management fees | 624,419 | - | 624,419 |
| Merchandise and café sales, less cost of goods sold of \$358,816 | 366,854 | - | 366,854 |
| Museum program income | 120,633 | - | 120,633 |
| Net investment return | 176,505 | 1,276,832 | 1,453,337 |
| Total revenues | <u>6,938,165</u> | <u>13,108,138</u> | <u>20,046,303</u> |
| Net assets released from restrictions | <u>8,743,412</u> | <u>(8,743,412)</u> | <u>-</u> |
| | <u>15,681,577</u> | <u>4,364,726</u> | <u>20,046,303</u> |
| EXPENSES | | | |
| Program services | | | |
| Museum operations | 5,207,639 | - | 5,207,639 |
| Collections management and research | 1,329,912 | - | 1,329,912 |
| Public programs | 1,370,908 | - | 1,370,908 |
| Total program services | <u>7,908,459</u> | <u>-</u> | <u>7,908,459</u> |
| Supporting services | | | |
| Management and general | 1,310,956 | - | 1,310,956 |
| Fundraising and development | 782,136 | - | 782,136 |
| Total supporting services | <u>2,093,092</u> | <u>-</u> | <u>2,093,092</u> |
| Total expenses | <u>10,001,551</u> | <u>-</u> | <u>10,001,551</u> |
| CHANGE IN NET ASSETS BEFORE COLLECTION PURCHASES | <u>5,680,026</u> | <u>4,364,726</u> | <u>10,044,752</u> |
| COLLECTION PURCHASES | <u>(79,870)</u> | <u>-</u> | <u>(79,870)</u> |
| CHANGE IN NET ASSETS | <u>5,600,156</u> | <u>4,364,726</u> | <u>9,964,882</u> |
| NET ASSETS, Beginning of year | <u>17,435,658</u> | <u>17,282,124</u> | <u>34,717,782</u> |
| NET ASSETS, End of year | <u>\$ 23,035,814</u> | <u>\$ 21,646,850</u> | <u>\$ 44,682,664</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

| | Program Services | | | | Supporting Activities | | | |
|--|----------------------|---|---------------------|------------------------------|---------------------------|-----------------------------------|-----------------------------------|----------------------|
| | Museum Operations | Collections Management and Research | Public Programs | Total Program Services | Management and General | Fundraising and Development | Total Supporting Activities | Total |
| Salaries | \$ 1,602,549 | \$ 784,512 | \$ 501,112 | \$ 2,888,173 | \$ 486,022 | \$ 548,319 | \$ 1,034,341 | \$ 3,922,514 |
| Employment health and retirement benefits | 319,684 | 81,469 | 67,446 | 468,599 | 73,281 | 54,630 | 127,911 | 596,510 |
| Payroll taxes | 118,850 | 57,369 | 35,943 | 212,162 | 29,120 | 39,418 | 68,538 | 280,700 |
| Total salaries and related expenses | 2,041,083 | 923,350 | 604,501 | 3,568,934 | 588,423 | 642,367 | 1,230,790 | 4,799,724 |
| Bank charges | 134,687 | - | - | 134,687 | 18,668 | 2,839 | 21,507 | 156,194 |
| Contract services | 745,771 | 10,250 | 86,351 | 842,372 | 1,167,667 | 3,505 | 1,171,172 | 2,013,544 |
| Curatorial, research and exhibition | 199 | 225,804 | 203 | 226,206 | - | - | - | 226,206 |
| Depreciation | 1,361,423 | - | - | 1,361,423 | - | - | - | 1,361,423 |
| Dues and subscriptions | 530 | 669 | 879 | 2,078 | 5,386 | 2,664 | 8,050 | 10,128 |
| Educational expenses | 3,492 | 1,818 | 277,712 | 283,022 | 821 | - | 821 | 283,843 |
| Equipment leases | 13,797 | 1,748 | 1,382 | 16,927 | 3,005 | 3,585 | 6,590 | 23,517 |
| Fundraising | 26,371 | - | 585 | 26,956 | 50 | 497,588 | 497,638 | 524,594 |
| Insurance | 118,329 | 22,069 | 37,364 | 177,762 | 1,551 | 4,432 | 5,983 | 183,745 |
| Licenses, software and fees | 30,673 | 11,556 | 600 | 42,829 | 15,953 | 9,029 | 24,982 | 67,811 |
| Marketing | 125,774 | 91,381 | 21,274 | 238,429 | - | 2,900 | 2,900 | 241,329 |
| Meals and entertainment | 22,782 | - | - | 22,782 | - | - | - | 22,782 |
| Meeting expenses | 2,574 | 2,140 | 1,425 | 6,139 | 9,445 | 6,843 | 16,288 | 22,427 |
| Office and store supplies | 53,705 | 2,865 | 3,524 | 60,094 | 3,400 | 561 | 3,961 | 64,055 |
| Postage | 5,589 | 145 | 3,853 | 9,587 | 146 | 16,140 | 16,286 | 25,873 |
| Payroll processing fees | 7,458 | 1,891 | 170 | 9,519 | 1,872 | 318 | 2,190 | 11,709 |
| Personnel expenses | 11,000 | 2,455 | 1,922 | 15,377 | 9,072 | 656 | 9,728 | 25,105 |
| Printing | 78,705 | 285 | 8,176 | 87,166 | 484 | 8,339 | 8,823 | 95,989 |
| Professional fees | 18,200 | 5,200 | 5,200 | 28,600 | 19,560 | 1,525 | 21,085 | 49,685 |
| Repairs and maintenance | 1,483,137 | 3,862 | 4,922 | 1,491,921 | - | 5,111 | 5,111 | 1,497,032 |
| Technology | 351,512 | 684 | 41 | 352,237 | 5,439 | 10,382 | 15,821 | 368,058 |
| Telephone | 17,683 | 2,502 | 5,132 | 25,317 | 3,825 | 4,028 | 7,853 | 33,170 |
| Travel | 9,767 | 9,869 | 6,439 | 26,075 | 26,265 | 2,694 | 28,959 | 55,034 |
| Uniforms and other | 37,030 | 25 | 3,761 | 40,816 | 10 | 18 | 28 | 40,844 |
| Utilities | 554,255 | - | - | 554,255 | 72,020 | - | 72,020 | 626,275 |
| Total expenses | 7,255,526 | 1,320,568 | 1,075,416 | 9,651,510 | 1,953,062 | 1,225,524 | 3,178,586 | 12,830,096 |
| Less expenses included with revenues on the statement of activities | | | | | | | | |
| Special events | - | - | - | - | - | (294,387) | (294,387) | (294,387) |
| | <u>\$ 7,255,526</u> | <u>\$ 1,320,568</u> | <u>\$ 1,075,416</u> | <u>\$ 9,651,510</u> | <u>\$ 1,953,062</u> | <u>\$ 931,137</u> | <u>\$ 2,884,199</u> | <u>\$ 12,535,709</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

| | Program Services | | | | Supporting Activities | | | |
|--|----------------------|---|---------------------|------------------------------|---------------------------|-----------------------------------|-----------------------------------|----------------------|
| | Museum Operations | Collections Management and Research | Public Programs | Total Program Services | Management and General | Fundraising and Development | Total Supporting Activities | Total |
| Salaries | \$ 1,427,950 | \$ 733,139 | \$ 465,398 | \$ 2,626,487 | \$ 544,272 | \$ 425,968 | \$ 970,240 | \$ 3,596,727 |
| Employment health and retirement benefits | 267,244 | 106,346 | 71,854 | 445,444 | 118,464 | 46,792 | 165,256 | 610,700 |
| Payroll taxes | 106,520 | 52,632 | 33,644 | 192,796 | 33,636 | 30,919 | 64,555 | 257,351 |
| Total salaries and related expenses | 1,801,714 | 892,117 | 570,896 | 3,264,727 | 696,372 | 503,679 | 1,200,051 | 4,464,778 |
| Bank charges | 110,586 | 2 | - | 110,588 | 7,366 | 4,131 | 11,497 | 122,085 |
| Contract services | 563,349 | 513 | 256,641 | 820,503 | 389,027 | 3,637 | 392,664 | 1,213,167 |
| Curatorial, research and exhibition | - | 301,262 | - | 301,262 | - | - | - | 301,262 |
| Depreciation | 750,198 | - | - | 750,198 | - | - | - | 750,198 |
| Dues and subscriptions | 3,632 | 1,006 | 2,267 | 6,905 | 5,640 | 2,229 | 7,869 | 14,774 |
| Educational expenses | 200 | 1,716 | 440,350 | 442,266 | - | - | - | 442,266 |
| Equipment leases | 3,975 | 345 | 691 | 5,011 | 14,604 | 1,590 | 16,194 | 21,205 |
| Fundraising | 2,725 | - | 75 | 2,800 | 11 | 403,093 | 403,104 | 405,904 |
| Insurance | 97,257 | 11,166 | 26,976 | 135,399 | 14,655 | 6,250 | 20,905 | 156,304 |
| Licenses, software and fees | 48,846 | 13,351 | 1,872 | 64,069 | 8,850 | 12,192 | 21,042 | 85,111 |
| Marketing | 124,685 | 64,622 | 32,363 | 221,670 | - | 10,000 | 10,000 | 231,670 |
| Meals and entertainment | 10,294 | - | - | 10,294 | - | - | - | 10,294 |
| Meeting expenses | 5,379 | 1,567 | 2,707 | 9,653 | 8,384 | 2,119 | 10,503 | 20,156 |
| Office and store supplies | 56,818 | 3,505 | 1,957 | 62,280 | 6,547 | 2,415 | 8,962 | 71,242 |
| Postage | 7,568 | 752 | 841 | 9,161 | 578 | 12,904 | 13,482 | 22,643 |
| Payroll processing fees | 6,839 | 1,658 | 291 | 8,788 | 1,833 | 286 | 2,119 | 10,907 |
| Personnel expenses | 4,554 | 1,234 | 2,102 | 7,890 | 4,767 | 991 | 5,758 | 13,648 |
| Printing | 80,257 | 8,007 | 17,522 | 105,786 | 577 | 18,351 | 18,928 | 124,714 |
| Professional fees | 9,178 | - | - | 9,178 | 62,320 | 225 | 62,545 | 71,723 |
| Repairs and maintenance | 768,830 | 967 | - | 769,797 | 16 | (5) | 11 | 769,808 |
| Technology | 229,252 | 11,759 | 3,242 | 244,253 | 6,634 | 26,364 | 32,998 | 277,251 |
| Telephone | 17,327 | 70 | 3,017 | 20,414 | 5,060 | 1,425 | 6,485 | 26,899 |
| Travel | 4,832 | 14,293 | 7,073 | 26,198 | 18,542 | 3,001 | 21,543 | 47,741 |
| Uniforms and other | 33,873 | - | 25 | 33,898 | 28 | 1,797 | 1,825 | 35,723 |
| Utilities | 465,471 | - | - | 465,471 | 59,145 | - | 59,145 | 524,616 |
| Total expenses | 5,207,639 | 1,329,912 | 1,370,908 | 7,908,459 | 1,310,956 | 1,016,674 | 2,327,630 | 10,236,089 |
| Less expenses included with revenues on the statement of activities | | | | | | | | |
| Special events | - | - | - | - | - | (234,538) | (234,538) | (234,538) |
| | <u>\$ 5,207,639</u> | <u>\$ 1,329,912</u> | <u>\$ 1,370,908</u> | <u>\$ 7,908,459</u> | <u>\$ 1,310,956</u> | <u>\$ 782,136</u> | <u>\$ 2,093,092</u> | <u>\$ 10,001,551</u> |

NATIONAL WWI MUSEUM AND MEMORIAL

STATEMENTS OF CASH FLOWS

| | Years Ended December 31, | |
|---|---------------------------------|-----------------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 12,361,322 | \$ 9,964,882 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 1,361,423 | 750,198 |
| Realized (gains) losses on investments | (3,412) | 51,249 |
| Unrealized gains on investments | (688,546) | (876,065) |
| Changes in | | |
| Grants and accounts receivable | 906,790 | (553,627) |
| Unconditional promises-to-give | (1,871,548) | (387,712) |
| Inventory | (18,906) | 9,590 |
| Prepaid expenses | (59,636) | 123,042 |
| Accounts payable | 258,710 | (479,796) |
| Accrued expenses | 82,441 | (2,187) |
| Contract liabilities | 86,974 | 68,923 |
| Net cash provided by operating activities | <u>12,415,612</u> | <u>8,668,497</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from investments | 1,725,188 | 1,140,285 |
| Purchases of investments | (3,882,730) | (3,345,850) |
| Purchase of property and equipment | <u>(14,193,903)</u> | <u>(5,634,344)</u> |
| Net cash used by investing activities | <u>(16,351,445)</u> | <u>(7,839,909)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (3,935,833) | 828,588 |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>14,625,243</u> | <u>13,796,655</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$ 10,689,410</u> | <u>\$ 14,625,243</u> |

NATIONAL WWI MUSEUM AND MEMORIAL

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History

National WWI Museum and Memorial (the Museum), a Missouri not-for-profit corporation, was formed in 1919 to honor those who gave service during World War I through the construction of a memorial and museum complex in 1926. The Museum buildings and the surrounding parklands, all told 47 acres, are owned by the City of Kansas City, Missouri (the City), and the Museum artifacts are owned by the Museum. The original Museum comprised two 2,550 square-foot buildings to house the collection, the Tower and additional exterior architectural elements and artistic renderings. On October 6, 2000, the Museum was listed on the National Register of Historic Places. The original Museum was restored in 2002 pursuant to guidelines established by the State of Missouri Historical Preservation Office and met the criteria of the Secretary of the Interior's Standards for the Treatment of Historic Properties. The Museum's rededication ceremony was held on Memorial Day of 2002. As a result of the restoration, significant underground space became available for the expanded Museum exhibit area (30,000 square feet) and the associated research and archival storage areas (22,000 square feet). Restoration and expansion efforts were validated in the *Historic Structure, Landscape, and Preservation Planning Report for Liberty Museum* prepared by John G. Waite Associates, Architects, PLLC.

The grand opening of the expanded Museum, designated by the United States Congress as the National World War I Museum in 2004, took place on December 2, 2006. The expanded Museum displays or stores virtually all of the Museum's collection of objects and artifacts. This rich, diverse, comprehensive collection representing all facets of World War I has grown to more than 380,000 objects and artifacts as of December 31, 2024. Pursuant to the guidelines of the American Association for State and Local History (AASLH), the collection has not been capitalized because the AASLH believes that collections are not financial assets but constitute a separate category of resource directly fulfilling institutional missions, legal responsibilities and fiduciary obligations. The Museum has agreed to follow the AASLH's *Statement of Professional Standards and Ethics*, which specifically concludes that collections shall not be capitalized nor treated as financial assets. Accessions to the collection, which often include multiple artifacts, totaled 205 and 294 in 2024 and 2023, respectively.

In 2014 the Congress of the United States designated the Museum as a national World War I memorial, thereby giving the Museum the designation as National World War I Museum and Memorial.

Since then, a new special exhibition space has been added and a multi-year initiative to create a richer and more immersive visitor experience has begun. Expected to be completed in 2025, these are the most expansive upgrades to the Museum and Memorial since its opening in 2006.

Nature of Activities

The Museum's core initiatives are supported by donor contributions, an agreement with the City and its Parks and Recreation Department for the operation and maintenance of the Museum and revenues from admissions, space rentals, café operations and the sale of merchandise. The Museum's core programs are as follows:

Museum operations - reflects the operating expenses of the Museum (including the Liberty Memorial Tower, multiple exhibit halls, café, auditorium, and other event rental spaces), including care and upkeep of the 47-acre campus.

NATIONAL WWI MUSEUM AND MEMORIAL

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

Collections management and research - includes the curatorial team; as well as the cataloging, preservation, storage, research and exhibition of artifacts and archives, including digitization for on-line viewing of the collection.

Public programs - for staff, content and other costs associated with the public education and community interest programs, including youth outreach and on-line educational content.

Financial Statement Presentation

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 (GAAP) which require the Museum to report information for financial reporting purposes into two net asset categories.

Net assets without donor restrictions - Includes resources available for support of program services and operations, which have no donor-imposed restrictions (unrestricted). All contributions are considered to be available for unrestricted use and available unless specifically restricted by the donor. Net assets without donor restrictions include discretionary designations made by the Board of Trustees including investment in property and equipment.

Net assets with donor restrictions - Represents those net assets whose use has been limited by donor-imposed stipulations. 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 the resources be maintained in perpetuity and the income from such resources can be spent for program related expenses. 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.

Fair Value Measurements

The fair value of financial instruments including cash and cash equivalents, grants and accounts receivable, unconditional promises-to-give, prepaid expenses, inventory, accounts payable, accrued expenses and contract liabilities approximate carrying value due to the short-term nature of these accounts.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Museum determines the fair values of its financial instruments based on the fair value hierarchy established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: financial instruments are valued based on quoted prices in active markets for identical assets or liabilities.

NATIONAL WWI MUSEUM AND MEMORIAL

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 2: financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities.

Level 3: financial instruments are valued using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

There were no triggering events that required fair value measurements of the Museum's nonfinancial assets and liabilities at December 31, 2024 and 2023.

Cash and Cash Equivalents

The Museum considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Grants and Accounts Receivable

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. These amounts are carried net of allowance for credit losses. The allowance for credit losses account is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. The allowance for credit losses was \$- and \$29,433 at December 31, 2024 and 2023, respectively.

Unconditional Promises-To-Give

Unconditional promises-to-give are recognized as support in the period the promises are received. The Museum provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of all promises-to-give. The estimated losses are based on historical collection experience coupled with a review of the current status of the existing uncollectible promises-to-give. Unconditional promises-to-give due in the next year are recorded at their net realizable value. Unconditional promises-to-give due in subsequent years are reported at the present value of their net realizable value. The allowance for doubtful unconditional promises-to-give was \$53,368 and \$60,000 at December 31, 2024 and 2023, respectively.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments consist of common stocks, money market funds, equity funds, fixed income and government and corporate bond funds. Investments are stated at fair value as determined by the investment custodians and managers. Cost is determined by purchase price or fair value at the time of donation, if donated.

Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividends, realized and unrealized gains and losses, less investment fees.

Inventory

Inventory comprises merchandise for resale and is stated at lower of cost, determined on the first-in, first-out basis, or net realizable value.

Property and Equipment

The Museum facility is owned by the City, and the operating agreement with the City provides that certain property and equipment acquired by the Museum that is permanently affixed to the Museum building and grounds and property that is acquired with proceeds of bonds issued by the City, are the property of the City.

Property and equipment acquisitions by the Museum are recorded at cost and depreciated over the shorter of their estimated useful lives or the terms of the operating agreement, including renewals. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated assets to a specific purpose. The Museum capitalizes property and equipment over \$5,000.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|--|--------------|
| Exhibition space and facility improvements | 15 - 30 |
| Transportation equipment | 5 |
| Equipment and furnishings | 3 - 15 |

Asset Impairment Assessments

The Museum reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is recognized to the extent that the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Museum determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Museum has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the risk-free rate. The risk-free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Museum elected a short-term lease exception policy, which allows entities to not apply the new standard to short-term leases (i.e. leases with terms of 12 months or less).

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments is recognized on straight-line basis over the lease term.

Public Support – Contributions and Grants

The Museum reports gifts of cash and other assets as donor-restricted support 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. Donor-restricted support whose restrictions are satisfied in the same reporting year are reported as support within net assets without donor restrictions.

Revenue Recognition for Contracts with Customers

The Museum's revenue streams under contracts with customers are comprised of revenues associated with management fees, memberships, special events, admission fees, facility rental fees, retail sales and program fees. Management fees, admission fees and facility rental fees are included in "Admissions, facility use and other" revenues on the statement of activities.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Museum determined whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether customers can benefit from the resources, and whether the resources are readily available. The Museum's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Museum recognized the revenue over a period of time if the customer receives and consumes the benefit that the Museum provided, or if the Museum's performance does not create an asset with an alternative use and has an enforceable right to payment for the performance.

The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition for Contracts with Customers (Continued)

The transaction price is calculated as the amount of consideration to which the Museum expects to be entitled. In some situations, the Museum bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Museum recognizing contract liabilities upon receipt of payment.

The following explains the performance obligations related to each revenue stream and how they are recognized.

Management Fees – Revenue derived from the City for facility management are recorded as earned. See note 10.

Special Events – Fundraising events are comprised of an exchange element equal to the fair value of direct benefits to donors and a contribution revenue for the difference. The Museum's revenue is recognized when a given performance obligation is satisfied, usually at the time of the event. The contribution portion is recognized immediately. Direct donor benefits are shown as a reduction of related revenue on the accompanying statements of activities and changes in net assets. Direct donor benefits consist of food and beverage provided to attendees.

Memberships – The Museum earns membership dues from its members. Membership dues are earned over the course of one year, representing the period over which the Museum satisfies the performance obligation.

Admission Fees – The Museum generates revenue from ticket sales which is recognized as revenue at the time the transaction is executed as that is the point in time when the Museum has satisfied its performance obligation.

Facility Rental Fees – Rental fee revenues consist of room rentals for special events on a specified date. The Museum recognizes revenue at the point in time when the service is rendered to the customer.

Merchandise and Café Sales – The Museum generates revenues from gift shop merchandise sales as well as food and beverage sales in the Café. Merchandise and food/beverage sales are recognized at the point in time when the sale occurs and the customer takes possession of the item purchased.

Program Fees – The Museum generates revenues from providing educational classes or programs to the public. Revenue is recognized at the time the class or program is held.

Contract Liabilities

Contract liabilities represent amounts received in advance from memberships, facility rentals, programs and the management fee received from the City. All performance obligations related to these contract liabilities are provided and satisfied during the subsequent year.

NATIONAL WWI MUSEUM AND MEMORIAL

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

A significant number of individuals contribute their services to the Museum as volunteers. The volunteers serve as greeters, docents, educational assistants, research assistants, perform other visitor service functions and provide administrative support. Volunteers contribute over 54,850 hours of service annually. The value of this contributed time is not reflected in these financial statements since it did not enhance non-financial assets or require specialized skills.

Advertising

The Museum expenses all advertising costs as they are incurred. Advertising costs, included in marketing, were \$241,329 and \$231,670 for the years ended December 31, 2024 and 2023, respectively.

Income Taxes

The Museum is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Museum follows the provisions of ASC 740-10-25, *Income Taxes*, requiring disclosure of uncertain tax positions. The Museum's accounting policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable. The Museum had no uncertain income tax positions for the years ended December 31, 2024 and 2023, and is not aware of any violation of its tax status as an Museum exempt from income taxes. The Museum is subject to audits for Federal or state purposes for the statutory period.

Concentrations of Credit Risk

Financial instruments which potentially subject the Museum to significant concentrations of credit risk consist principally of cash and cash equivalents and investments. The Museum maintains its bank accounts at financial institutions with a high credit standing where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balance in these accounts frequently exceeds federally insured limits. Management considers this a normal business risk.

The Museum invests in various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. 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 in the statement of financial position.

The Museum received funding from two funders totaling \$14,240,153 and from three funders totaling \$8,559,847 for the years ended December 31, 2024 and 2023, respectively. These amounts represent 55% and 41% of the total revenue and support for the years ended December 31, 2024 and 2023, respectively. Accounts receivable from these funders were \$644,859 and \$688,993 as of December 31, 2024 and 2023, respectively.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classifications. Other expenses that are common to programs and support services are allocated based on management's estimate of resources devoted to each. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Museum.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform with the 2024 presentation.

Subsequent Events

Subsequent events have been evaluated through September 9, 2025, which is the date the financial statements were available to be issued.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 — UNCONDITIONAL PROMISES-TO-GIVE

Unconditional promises-to-give consist of the following:

| | December 31, | |
|---------------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Gallery refresh project | \$ 3,675,525 | \$ 2,917,833 |
| Digitization | 421,700 | - |
| Education programs | 659,583 | - |
| Other programs | 32,977 | - |
| Time restricted | 40,500 | - |
| | 4,830,285 | 2,917,833 |
| Less: Allowance for doubtful accounts | 53,368 | 60,000 |
| | 4,776,917 | 2,857,833 |
| Less: discount to present value | 526,325 | 478,789 |
| | <u>\$ 4,250,592</u> | <u>\$ 2,379,044</u> |

| | December 31, | |
|---------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Amounts Due In | | |
| Less than one year | \$ 1,781,331 | \$ 798,501 |
| One to five years | 2,995,586 | 2,059,332 |
| | 4,776,917 | 2,857,833 |
| Less: Discount to present value | 526,325 | 478,789 |
| | <u>\$ 4,250,592</u> | <u>\$ 2,379,044</u> |

Unconditional promises to give due more than one year from December 31, 2024 have been discounted at 8%.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 — INVESTMENTS

Investments consist of the following at December 31, 2024:

| | Cost | Fair Value | Excess of Fair Value |
|---|----------------------|----------------------|-------------------------|
| Without donor restrictions | | | |
| Money market funds | \$ 3,834,113 | \$ 3,834,113 | |
| Equity mutual funds | 74,871 | 101,360 | |
| Fixed income mutual funds | 17,261 | 17,293 | |
| Government bonds | 72,751 | 71,876 | |
| Corporate bonds | <u>102,182</u> | <u>101,537</u> | |
| Total unrestricted | <u>4,101,178</u> | <u>4,126,179</u> | |
| With donor restrictions | | | |
| Money market funds | 307,336 | 307,336 | |
| Common stock | 3,989,915 | 5,173,240 | |
| Government bonds | 1,102,929 | 1,092,863 | |
| Corporate bonds | <u>1,819,144</u> | <u>1,803,272</u> | |
| Total donor restricted | <u>7,219,324</u> | <u>8,376,711</u> | |
| Balance, end of year | <u>\$ 11,320,502</u> | <u>\$ 12,502,890</u> | \$ 1,182,388 |
| Balance, beginning of year | <u>\$ 9,159,548</u> | <u>\$ 9,653,390</u> | 493,842 |
| Unrealized gain for the year | | | 688,546 |
| Realized gains | | | <u>3,412</u> |
| Net realized and unrealized gains on investments | | | <u>\$ 691,958</u> |

Net investment return was as follows for the year ended December 31, 2024:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------|-------------------------------|----------------------------|---------------------|
| Net investment return | | | |
| Interest and dividends | \$ 414,626 | \$ 396,707 | \$ 811,333 |
| Net realized gains | - | 3,412 | 3,412 |
| Net unrealized gains | 151,607 | 536,939 | 688,546 |
| Investment fees | <u>(8,512)</u> | <u>(21,091)</u> | <u>(29,603)</u> |
| | <u>\$ 557,721</u> | <u>\$ 915,967</u> | <u>\$ 1,473,688</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 — INVESTMENTS (Continued)

Investments consist of the following at December 31, 2023:

| | Cost | Fair Value | Excess of Fair Value |
|--|---------------------|---------------------|-------------------------|
| Without donor restrictions | | | |
| Money market funds | \$ 2,365,194 | \$ 2,365,194 | |
| Equity mutual funds | 77,738 | 90,328 | |
| Fixed income mutual funds | 16,201 | 16,196 | |
| Government bonds | 67,179 | 65,953 | |
| Corporate bonds | 96,554 | 95,944 | |
| Total unrestricted | <u>2,622,866</u> | <u>2,633,615</u> | |
| With donor restrictions | | | |
| Money market funds | 273,597 | 273,597 | |
| Common stock | 3,852,908 | 4,362,699 | |
| Government bonds | 823,898 | 814,538 | |
| Corporate bonds | 1,586,279 | 1,568,941 | |
| Total donor restricted | <u>6,536,682</u> | <u>7,019,775</u> | |
| Balance, end of year | <u>\$ 9,159,548</u> | <u>\$ 9,653,390</u> | \$ 493,842 |
| Balance beginning of year | <u>\$ 7,005,232</u> | <u>\$ 6,623,009</u> | (382,223) |
| Unrealized gain for the year | | | 876,065 |
| Realized losses | | | (51,249) |
| Net realized and unrealized gain on investments | | | <u>\$ 824,816</u> |

Net investment return was as follows for the year ended December 31, 2023:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|-----------------------------|-------------------------------|----------------------------|---------------------|
| Net investment return | | | |
| Interest and dividends | \$ 166,855 | \$ 495,324 | \$ 662,179 |
| Net realized gains (losses) | 1,416 | (52,665) | (51,249) |
| Net unrealized gains | 19,042 | 857,023 | 876,065 |
| Investment fees | (10,808) | (22,850) | (33,658) |
| | <u>\$ 176,505</u> | <u>\$ 1,276,832</u> | <u>\$ 1,453,337</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 — FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds, Common Stocks, Equity Mutual Funds and Fixed Income Mutual Funds

Domestic and foreign securities and mutual funds traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Investments in mutual funds represent open ended funds which transact at a net asset value on a daily basis. Since the market for these securities is active and observable, such investments are reported at the unadjusted net asset value at the end of each trading day.

Government and Corporate Bonds

Corporate and foreign bonds are valued based on yields currently available on comparable securities of issuers of similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Government bonds include both U.S. treasury bonds and agency bonds. U.S. treasury bonds are valued using proprietary valuation models incorporating live data from active market makers and brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers and other data. Evaluated pricing models that vary by type of security and incorporate available market data are utilized to determine fair market value of agency bonds. Standard inputs include issuer and type of security, benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

Fair values of assets measured on a recurring basis at December 31, 2024 and 2023 are as follows:

| | Total Fair Value | Level 1: Quoted Prices in Active Markets for Identical Assets | Level 2: Significant Other Observable Inputs | Level 3: Significant Unobservable Inputs |
|--------------------------|----------------------|---|--|---|
| <u>December 31, 2024</u> | | | | |
| Investments | | | | |
| Money market funds | \$ 4,141,449 | \$ 4,141,449 | \$ - | \$ - |
| Common stocks | 5,173,240 | 5,173,240 | - | - |
| Equity mutual funds | 101,360 | 101,360 | - | - |
| Fixed income funds | 17,293 | 17,293 | - | - |
| Bonds | | | | |
| Government | 1,164,739 | - | 1,164,739 | - |
| Corporate | 1,904,809 | - | 1,904,809 | - |
| Total investments | | | | |
| at fair value | <u>\$ 12,502,890</u> | <u>\$ 9,433,342</u> | <u>\$ 3,069,548</u> | <u>\$ -</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

| | Total Fair Value | Level 1: Quoted Prices in Active Markets for Identical Assets | Level 2: Significant Other Observable Inputs | Level 3: Significant Unobservable Inputs |
|--------------------------|---------------------|---|--|---|
| <u>December 31, 2023</u> | | | | |
| Investments | | | | |
| Money market funds | \$ 2,638,791 | \$ 2,638,791 | \$ - | \$ - |
| Common stocks | 4,362,699 | 4,362,699 | - | - |
| Equity mutual funds | 90,328 | 90,328 | - | - |
| Fixed income funds | 16,196 | 16,196 | - | - |
| Bonds | | | | |
| Government | 880,491 | - | 880,491 | - |
| Corporate | <u>1,664,885</u> | <u>-</u> | <u>1,664,885</u> | <u>-</u> |
| Total investments | | | | |
| at fair value | <u>\$ 9,653,390</u> | <u>\$ 7,108,014</u> | <u>\$ 2,545,376</u> | <u>\$ -</u> |

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment, consists of:

| | December 31, | |
|---------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Exhibition space | \$ 19,595,551 | \$ 11,964,817 |
| Facility improvements | 10,820,788 | 4,754,438 |
| Transportation equipment | 35,692 | 17,295 |
| Equipment and furnishings | 6,378,819 | 2,812,277 |
| Construction in progress | <u>3,421,227</u> | <u>6,614,172</u> |
| | 40,252,077 | 26,162,999 |
| Accumulated depreciation | <u>10,304,024</u> | <u>9,047,426</u> |
| | <u>\$ 29,948,053</u> | <u>\$ 17,115,573</u> |

Depreciation expense was \$1,361,423 and \$750,198 for the years ended December 31, 2024 and 2023, respectively.

Construction in Progress includes costs incurred for a Gallery Refresh Project. The Museum entered into various contracts for \$2,977,000 for the Project. During the years ended December 31, 2024 and 2023, the Museum paid approximately \$1,882,000 under these agreements. The remaining obligation under the agreements are approximately \$1,095,000. Other costs for the Project have been capitalized as incurred.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6 — OPERATING LEASES

The Company primarily has operating leases for office equipment, which encompass third-party leases. The Company's leases have remaining lease term of that mature through 2027.

The weighted average remaining lease term of related party operating leases as of December 31, 2024 and 2023 were 2.55 and 3.52 years, respectively.

The weighted average discount rates of related party operating leases as of December 31, 2024 and 2023 was 8.00%.

Minimum future lease payments under non-cancellable operating leases described above as of December 31 are as follows:

| Years Ending <u>December 31</u> | |
|------------------------------------|------------------|
| 2025 | \$ 12,019 |
| 2026 | 10,174 |
| 2027 | <u>8,479</u> |
| Undiscounted cash flows | 30,672 |
| Present value discount | <u>(3,584)</u> |
| Operating lease liability | <u>\$ 27,088</u> |

NOTE 7 — LINE OF CREDIT

The Museum has a line of credit for \$2,000,000. The line is secured by receivables, bears interest at prime plus 0.50% and expires in January 2026. No amounts were drawn during the years ended December 31, 2024 and 2023. The prime interest rate was 7.5% and 8.5% at December 31, 2024 and 2023, respectively.

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

| | December 31, | |
|--|----------------------|----------------------|
| | 2024 | 2023 |
| Artifact acquisition, including endowment net assets of \$85,206 and \$64,639 as of December 31, 2024 and 2023, respectively | \$ 91,206 | \$ 71,639 |
| Collection digitization | 1,206,407 | 413,372 |
| Education, lecture and other, including endowment net assets of \$1,592,678 and \$1,253,952 as of December 31, 2024 and 2023, respectively | 1,923,243 | 1,628,336 |
| Gallery refresh and other capital projects | 11,998,738 | 13,870,775 |
| Special collection initiatives | 1,601,381 | 1,125,788 |
| Time restricted pledges | 48,450 | 82,250 |
| Upgrades to guest experience and auditorium | 44,984 | 70,130 |
| | 16,914,409 | 17,262,290 |
| Endowment funds held in perpetuity | 4,401,560 | 4,384,560 |
| Total Net Assets With Donor Restrictions | <u>\$ 21,315,969</u> | <u>\$ 21,646,850</u> |

Net assets released from donor restrictions by incurring expenses satisfying the purpose or satisfaction of time restrictions were as follows:

| | Years Ended December 31, | |
|---|--------------------------|---------------------|
| | 2024 | 2023 |
| Artifact acquisition | \$ 20,952 | \$ 24,824 |
| Educational, lecture and other | 594,626 | 355,878 |
| Gallery Refresh and Other Capital Projects | 17,785,581 | 7,906,587 |
| Digitization, distance learning and other | 322,705 | 248,717 |
| Special collection initiatives | 316,723 | 207,406 |
| Upgrades to guest experience and auditorium | 38,646 | - |
| | <u>\$ 19,079,233</u> | <u>\$ 8,743,412</u> |

NATIONAL WWI MUSEUM AND MEMORIAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 9 — ENDOWMENT AND RESERVE FUNDS

The State of Missouri has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides guidance and authority concerning the management and investment of donor funds and provides the Museum's governing board certain guidelines to use when determining what is prudent in terms of retaining and spending restricted donor funds held in perpetuity. Under the provision of UPMIFA, organizations are required to maintain and report endowment funds based upon donor intent, whether explicit or implied. Based on its interpretation of the provisions of UPMIFA and a review of underlying endowment agreements, management has determined that maintaining permanent endowments at their historic dollar value is appropriate and consistent with the intent of the Museum's donors.

The Museum's donor restricted funds consist of a permanent endowment fund established in connection with the award of a \$500,000 National Endowment for the Humanities (NEH) Challenge Grant to the Museum, subject to a matching requirement of one dollar of NEH funds for every three dollars raised by the Museum. This matching requirement was met in 2009. The income from the endowment is to be used 90% for educational programming and 10% for artifact acquisition.

The Museum is strengthening its philanthropic engagement with the intent of building its endowment and reserve funds. The Museum seeks to create various endowed funds to support all aspects of Museum operations, care and upkeep of the Museum and upkeep of the grounds. A comprehensive fundraising campaign "A Second Century" is supporting these initiatives.

Board-designated reserve consists of a fund established in 2009 to provide resources to support the Museum's operations and is included in net assets without donor restrictions.

The 2024 changes in the endowment net assets are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Beginning of year | \$ 1,104,211 | \$ 5,703,151 | \$ 6,807,362 |
| Contributions | 600,000 | 17,000 | 617,000 |
| Interest and dividend income, net of investment fees | 35,958 | 121,287 | 157,245 |
| Net realized and unrealized gains | 144,749 | 540,350 | 685,099 |
| Grants | - | (290,831) | (290,831) |
| End of year | <u>\$ 1,884,918</u> | <u>\$ 6,090,957</u> | <u>\$ 7,975,875</u> |

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NOTE 9 — ENDOWMENT AND RESERVE FUNDS (Continued)

The 2023 changes in the endowment net assets are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Beginning of year | \$ 957,794 | \$ 4,722,980 | \$ 5,680,774 |
| Contributions | - | 298,175 | 298,175 |
| Interest and dividend income, net of investment fees | 19,836 | 118,703 | 138,539 |
| Net realized and unrealized gains | 126,581 | 674,026 | 800,607 |
| Grants | - | (110,733) | (110,733) |
| End of year | <u>\$ 1,104,211</u> | <u>\$ 5,703,151</u> | <u>\$ 6,807,362</u> |

The Museum has adopted investment and spending policies for endowment and other extended-time horizon assets that attempt to provide a reasonable rate of return as a source of funding to programs supported by its endowments. Under the investment policy, endowment assets are to be invested in various asset classes while assuming a reasonable level of investment risk.

To satisfy its long-term objectives of equity preservation and growth, the Museum has adopted a total return strategy for investment returns through both capital appreciation and current income using an asset allocation policy that allows for investing in equity-related securities to achieve its return objectives. The current target allocation for these assets is 40% money market and fixed income investments and 60% equities; and the current target allocation for mid-term assets (3 to 5 year time horizon) is 70% money market and fixed income funds and 30% equity funds, which are within the specified ranges of the current investment policy.

The Museum's default spending policy allows for the use of up to 4% of the prior three-year end average market values of the endowment funds, or as otherwise directed by the donor during the establishment of the fund.

NOTE 10 — AGREEMENT WITH THE CITY OF KANSAS CITY, MISSOURI

The Museum has an agreement with the City to manage the Museum as well as the surrounding 47-acre parkland, and to exhibit artifacts and otherwise operate the Museum, including providing maintenance and security. The agreement expires March 23, 2042 but will automatically renew for successive five-year periods unless terminated as provided for in the agreement. The agreement also provides that property and equipment, other than that acquired with the proceeds of bonds issued by the City or permanently affixed to the Museum, will become the property of the Museum.

The management and operating fee is \$625,000 annually, subject to appropriation from the City's general fund, net of certain costs paid for by the City, and is for the period May 1 to April 30 each year. The portion of the payment received by the Museum that pertains to the subsequent year is included in contract liabilities in the accompanying statements of financial position.

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NOTE 10 — AGREEMENT WITH THE CITY OF KANSAS CITY, MISSOURI (Continued)

The Liberty Memorial Trust Fund (Fund), held by the City for the benefit of the Museum, was created in 2000. The amount received by the Museum from the Fund annually to help pay for maintenance, utilities and security is equal to 45% of the earnings from the Fund.

The Fund had an initial balance of \$15.7 million when created in 2000, and the balance was approximately \$10,050,000 at December 31, 2024. Any amounts received by the Museum in excess of actual expenses are to be returned to the City. There were no amounts required to be returned to the City as of December 31, 2024 or 2023.

The City also makes grants for specific purposes to the Museum. All amounts received from the City are included in governmental grants in the accompanying statements of activities and changes in net assets. Amounts received from the City and included in government grants revenues were as follows:

| | December 31, | |
|---|---------------------|-------------------|
| | 2024 | 2023 |
| Management and operations | \$ 627,078 | \$ 624,419 |
| Maintenance and security | 46,328 | 48,164 |
| Other special projects and sponsorships | <u>684,900</u> | <u>31,000</u> |
| | <u>\$ 1,358,306</u> | <u>\$ 703,583</u> |

NOTE 11 — RETIREMENT PLAN

The Museum has a 401(k) plan covering all employees who meet minimum age and service requirements. Participants may contribute up to the maximum allowed by law. If a participant is age 50 or older by the end of the year, the participant may also make certain “catch-up” contributions.

The Museum matches 100% of employee deferrals up to 3% of compensation and 50% of deferrals that exceed 3% of compensation, but do not exceed 5% of compensation. Matching contributions were \$210,282 and \$173,587 during the years ended December 31, 2024 and 2023, respectively.

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NOTE 12 — AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)

The Museum has the following financial assets without donor restrictions available within one year:

| | Years Ended December 31, | |
|---|--------------------------|----------------------|
| | 2024 | 2023 |
| Cash and cash equivalents | \$ 10,689,410 | \$ 14,625,243 |
| Grants and accounts receivable | 669,486 | 1,576,276 |
| Unconditional promises-to-give, due within one year | 1,781,331 | 798,501 |
| Investments, net of donor restricted endowments | 4,126,179 | 3,888,730 |
| | <u>\$ 17,266,406</u> | <u>\$ 20,888,750</u> |

The Museum regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Museum has various sources of liquidity at its disposal, including cash and cash equivalents, marketable investments and a line of credit.

Cash in excess of daily requirements is invested in short-term investments and certificates of deposit. To manage unanticipated liquidity needs, the Museum maintains a \$2,000,000 line of credit.

Additionally, as of December 31, 2024 and 2023, the Museum had \$1,884,918 and \$1,104,211, respectively, in board designated reserve funds. Although there is no intention to spend from this board-designated reserve (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.