

FLIGHT TEST HISTORICAL FOUNDATION

FINANCIAL STATEMENTS

**For the Years Ended
September 30, 2024 and 2023**

CONTENTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS.....	3 - 4
---	-------

FINANCIAL STATEMENTS

Statements of Financial Position.....	5 - 6
Statements of Activities	7
Statements of Functional Expenses.....	8
Statements of Cash Flows.....	9
Notes to Financial Statements	10 - 15

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Flight Test Historical Foundation

Opinion

We have audited the accompanying financial statements of Flight Test Historical Foundation (a California corporation), which comprise the statements of financial position as of September 30, 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 Flight Test Historical Foundation as of September 30, 2024 and 2023, and the results of 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 Flight Test Historical Foundation 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 to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Flight Test Historical Foundation'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

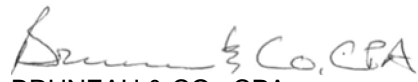
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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.

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 Flight Test Historical Foundation'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 Flight Test Historical Foundation'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.


 BRUNEAU & CO., CPA
 May 14, 2025

FLIGHT TEST HISTORICAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2024 and 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 693,620	\$ 453,832
Contributions receivable	56,570	51,098
Prepaid expenses	9,289	5,555
Inventory	<u>58,723</u>	<u>72,119</u>
Total Current Assets	<u>818,202</u>	<u>582,604</u>
FIXED ASSETS		
AFFTC mural	20,000	20,000
Office equipment	38,011	35,950
Machinery and equipment	10,743	10,743
Building - Blackbird	159,944	159,944
Construction in progress	3,407,645	3,407,645
Accumulated depreciation	<u>(196,505)</u>	<u>(189,451)</u>
Total Fixed Assets	<u>3,439,838</u>	<u>3,444,831</u>
OTHER ASSETS		
Board designated - cash	13,996	64,256
Collections	23,819	23,819
Security deposit	<u>500</u>	<u>500</u>
Total Other Assets	<u>38,315</u>	<u>88,575</u>
Total Assets	<u>\$ 4,296,355</u>	<u>\$ 4,116,010</u>

FLIGHT TEST HISTORICAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2024 and 2023

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable	\$ 19,299	\$ 9,980
Accrued payroll liabilities	2,982	2,457
Deferred revenue	<u>92,500</u>	<u>81,537</u>
 Total Current Liabilities	 <u>114,781</u>	 <u>93,974</u>
 Total Liabilities	 <u>114,781</u>	 <u>93,974</u>
 NET ASSETS		
Without donor restrictions		
Board designated	13,996	64,256
Undesignated	<u>1,200,674</u>	<u>1,078,736</u>
Total net assets without donor restrictions	1,214,670	1,142,992
With donor restrictions	<u>2,966,904</u>	<u>2,879,044</u>
 Total Net Assets	 <u>4,181,574</u>	 <u>4,022,036</u>
 Total Liabilities and Net Assets	 <u><u>\$ 4,296,355</u></u>	 <u><u>\$ 4,116,010</u></u>

FLIGHT TEST HISTORICAL FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2024 and 2023

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenue		
Merchandise sales	\$ 201,927	\$ 175,613
Less: cost of merchandise sales	<u>(85,391)</u>	<u>(59,388)</u>
Net merchandise sales	116,536	116,225
Donations and memberships	200,381	69,021
Special events	113,056	106,948
Dividends and interest	<u>42</u>	<u>657</u>
Total Support and Revenue Without Donor Restrictions	430,015	292,851
Net Assets Released From Restrictions		
Restrictions satisfied by payments	<u>138,543</u>	<u>56,051</u>
Total Support, Revenues and Other Support Without Donor Restrictions	<u>568,558</u>	<u>348,902</u>
EXPENSES AND LOSSES		
Expenses		
Program services	333,710	209,406
Supporting services		
Management and general	57,726	42,222
Fundraising	<u>105,444</u>	<u>83,389</u>
Total Expenses	<u>496,880</u>	<u>335,017</u>
Increase in Net Assets Without Donor Restrictions	71,678	13,885
NET ASSET WITH DONOR RESTRICTIONS		
Donations and grants	226,403	261,297
Net assets released from restrictions	<u>(138,543)</u>	<u>(56,051)</u>
Increase in Net Assets With Donor Restrictions	<u>87,860</u>	<u>205,246</u>
Increase in Net Assets	159,538	219,131
Net Assets - Beginning	<u>4,022,036</u>	<u>3,802,905</u>
Net Assets - Ending	<u>\$ 4,181,574</u>	<u>\$ 4,022,036</u>

FLIGHT TEST HISTORICAL FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2024 and 2023

	2024				2023			
	Support Services			Total	Support Services			Total
	Program Services	Management & General	Fundraising		Program Services	Management & General	Fundraising	
Office salaries	\$ 70,334	\$ -0-	\$ 50,659	\$ 120,993	\$ 64,435	\$ -0-	\$ 50,306	\$ 114,741
Employee benefits	10,507	-0-	7,568	18,075	9,605	-0-	7,499	17,104
Total Salaries and Related Costs	80,841	-0-	58,227	139,068	74,040	-0-	57,805	131,845
Audit and bookkeeping services	-0-	34,475	-0-	34,475	-0-	25,367	-0-	25,367
Bank and merchant service fees	11,750	39	-0-	11,789	9,782	35	-0-	9,817
Depreciation	7,054	-0-	-0-	7,054	11,829	-0-	-0-	11,829
Insurance	9,487	6,325	-0-	15,812	4,697	3,131	-0-	7,828
Meeting and conferences	-0-	3,089	-0-	3,089	-0-	473	-0-	473
Office expense	-0-	204	-0-	204	-0-	435	-0-	435
Outreach	981	-0-	-0-	981	5,235	-0-	-0-	5,235
Postage and printing	-0-	-0-	-0-	-0-	-0-	7	-0-	7
Professional fees	25,877	-0-	34,792	60,669	3,642	-0-	15,346	18,988
Repairs and maintenance	875	-0-	-0-	875	750	-0-	-0-	750
Scholarships	28,010	-0-	-0-	28,010	7,500	-0-	-0-	7,500
Special events	37,274	-0-	12,425	49,699	30,710	-0-	10,238	40,948
STEM program	114,533	-0-	-0-	114,533	53,898	-0-	-0-	53,898
Supplies	11,543	4,806	-0-	16,349	3,354	991	-0-	4,345
Telephone and utilities	5,485	-0-	-0-	5,485	3,969	-0-	-0-	3,969
Travel	-0-	428	-0-	428	-0-	2,436	-0-	2,436
Website and internet	-0-	8,360	-0-	8,360	-0-	9,347	-0-	9,347
Total	<u>\$ 333,710</u>	<u>\$ 57,726</u>	<u>\$ 105,444</u>	<u>\$ 496,880</u>	<u>\$ 209,406</u>	<u>\$ 42,222</u>	<u>\$ 83,389</u>	<u>\$ 335,017</u>

See accompanying notes and Independent Auditor's Report.

FLIGHT TEST HISTORICAL FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2024 and 2023

	2024	2023
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 159,538	\$ 219,131
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	7,054	11,829
In-kind donation	-0-	(1,080)
(Increase) Decrease in:		
Prepaid expenses	(3,734)	(548)
Contributions receivable	(5,472)	(51,098)
Inventory	13,396	(26,803)
Increase (Decrease) in:		
Accounts payable	9,319	2,064
Sales tax payable	-0-	(2,371)
Accrued payroll liabilities	525	(552)
Deferred income	<u>10,963</u>	<u>57,337</u>
Net Cash Provided by Operating Activities	<u>191,589</u>	<u>207,909</u>
CASH FLOWS (USED) BY INVESTING ACTIVITIES		
Purchase of fixed assets	(2,061)	(2,153)
Additions to construction in progress	<u>-0-</u>	<u>(306,792)</u>
Net Cash (Used) by Investing Activities	<u>(2,061)</u>	<u>(308,945)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	189,528	(101,036)
Cash and Cash Equivalents at Beginning of Year	<u>518,088</u>	<u>619,124</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 707,616</u></u>	<u><u>\$ 518,088</u></u>
Reconciliation of Cash and Cash Equivalents to Statements of Financial Position		
Cash and cash equivalents	\$ 693,620	\$ 453,832
Board designated - cash	<u>13,996</u>	<u>64,256</u>
Total Cash and Cash Equivalents per Statements of Financial Position	<u><u>\$ 707,616</u></u>	<u><u>\$ 518,088</u></u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 39	\$ 35

FLIGHT TEST HISTORICAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

1. *Nature of Activities* – Flight Test Historical Foundation (the “Foundation”) is dedicated to the preservation of the history of flight testing and aerospace development. The Foundation is the primary funding source for the ongoing construction of a permanent home for the Air Force Flight Test Center Museum at Edwards Air Force Base and the Blackbird Airpark located in Palmdale, California. The primary sources of revenue are private and corporate donations, gift shop sales, and fundraising events. At present, the Foundation operates a museum and gift shop at both Edwards Air Force Base and at the Blackbird Airpark.
2. *Basis of Accounting* – The financial statements of the Flight Test Historical Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.
3. *Basis of Presentation* - The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Foundation or the passage of time or are subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Foundation.

As of September 30, 2024 and 2023, the Foundation had net assets with donor restrictions of \$2,966,904 and \$2,879,044, respectively.

4. *Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
5. *Contributions Receivable* - Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.
6. *Inventory* – Inventory consists principally of merchandise sold at the museum gift shops and is stated at the lower of cost or market value with cost determined using the first-in, first-out method. For the years ended September 30, 2024 and 2023, there were no allowances related to the obsolescence of inventories.

FLIGHT TEST HISTORICAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
September 30, 2024 and 2023

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES – continued

7. *Property and Equipment* – Property and equipment are stated at cost if purchased, or at fair market value if donated. When an asset is sold or retired, its cost and related accumulated depreciation are eliminated from both the asset and the accumulated depreciation accounts, respectively. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended September 30, 2024 and 2023 amounted to \$7,054 and \$11,829, respectively.
8. *Collections* – The Foundation capitalizes its collections. Accessions are capitalized at cost if purchased and at appraised or fair value at date of accession if received by donation. Gains and losses on de-accessions of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation. The proceeds from deaccession of collection items may be used for acquisitions of new collection items or the direct care of existing collections. The Foundation acquired the Stapp picture at a cost of \$5,000 during the year ended September 30, 2001. The fair market value of the picture was approximately \$20,000. The difference between the purchase price and the fair market value is recorded as donated assets on the statement of activities. The Foundation acquired the "Smilin' Jack" comic strips during the year ended September 30, 2002 at a cost of \$3,350. During the year ended September 30, 2013, the Foundation acquired a number of R.G. Smith drawings for approximately \$469.
9. *Designation of Net Assets Without Donor Restrictions* – It is the policy of the Board of Directors of the Foundation to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.
10. *Revenue with and without Donor Restrictions* – Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.
11. *Revenue recognition* – The Foundation recognizes certain revenue under Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (ASC 606). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:
 - Step 1: Identify the contract(s) with a customer.
 - Step 2: Identify the performance obligations in the contract.
 - Step 3: Determine the transaction price.
 - Step 4: Allocate the transaction price to the performance obligations in the contract.
 - Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Accordingly, the following revenue streams are within the scope of ASC 606:

Merchandise Sales – Sales of giftshop merchandise are recorded as revenue at the point in time the item is purchased by a customer. Payments for merchandise sales are received at the time of purchase.

Special events income – Amounts received as registration for future events are recognized as revenue at the point in time when the event occurs. Amounts received in advance are recorded as deferred revenue until the event occurs.

FLIGHT TEST HISTORICAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
September 30, 2024 and 2023

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES – continued

12. *Revenue recognition* – continued

Disaggregation of Revenue For the year ended September 30:

	<u>2024</u>	<u>2023</u>
Revenue recognized at a point in time	\$ 314,983	\$ 282,561
Revenue recognized over time	<u>-0-</u>	<u>-0-</u>
Total operating revenue:	<u><u>\$ 314,983</u></u>	<u><u>\$ 282,561</u></u>

Contract liabilities – Contract liabilities include amounts paid by customers for which goods or services have not yet been provided and are included in deferred revenue. As of September 30, 2024 and 2023, deferred revenue of \$92,500 and \$81,537 was recognized under ASC 606, respectively.

Contract assets – Contract assets include amounts receivable to the Foundation for which goods and services have been provided and are included in accounts receivable. As of September 30, 2024 and 2023, \$56,570 and \$51,098 receivables related to revenue were recognized under ASC 606, respectively.

Contract costs - Contract costs generally include direct costs such as compensation expenses for program personnel and other direct costs incurred including costs of materials and indirect costs identifiable with and allocable to the contract program. Costs are expensed as incurred. The Foundation does not incur significant incremental costs for obtaining contracts.

The following revenue streams are outside the scope of ASC 606:

Contributions and Memberships – The Foundation recognizes all contributions and in-substance contributions such as memberships, including unconditional promises to give, as support in the period pledged or received. Contributions restricted as to their use are recognized as net assets with donor restrictions until these funds have been disbursed or committed as the donor intended. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Other income – Consists mostly of dividends, interest, investment gains/losses, and debt forgiveness income. Dividends are recorded as revenue when declared, interest is recognized ratably over the period earned, and investment gains and losses are recognized when the change in the underlying fair value of the investment occurs. Debt forgiveness income is recognized when official notification is received from the lender.

13. *Expense Allocation* – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and reported in detail in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, which is allocated based on location and use of assets, as well as personnel costs, insurance, and expenses related to special events, which are allocated on the basis of estimated time and effort. All other expenses have been directly allocated to the function for which they were incurred.

14. *Cash and Cash Equivalents* – For purposes of the statement of cash flows, the Foundation considers all cash on hand, cash in banks, certificates of deposit, and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

FLIGHT TEST HISTORICAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS -continued
September 30, 2024 and 2023

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES – continued

15. *Concentration of Risk* - Amounts on deposit at a single financial institution occasionally exceed the \$250,000 federally insured limit. At September 30, 2024 and 2023, \$445,657 and \$261,844 was uninsured, respectively.
16. *Income Taxes* – Flight Test Historical Foundation is exempt from Federal and California income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(D), respectively. No provision for income tax was made in the current period.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Foundation in its federal and state exempt organizations tax returns are more likely than not to be sustained upon examination. The Foundation returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

17. *Sales Taxes* – The State of California imposes a sales tax of 8.25% on all of the Foundation's sales to nonexempt customers. All sales made in the City of Palmdale are subject to an additional 2.00% combined county and city sales tax. The Foundation collects that sales tax from customers and remits the entire amount to the State. The Foundation's policy is to report sales net of the tax collected and remitted to the State. For the year ended September 30, 2024 and 2023, the Foundation's revenues were reported net of sales taxes collected and remitted of \$15,110 and \$13,227, respectively.

NOTE B – LIQUIDITY

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date.

	<u>2024</u>	<u>2023</u>
Financial assets at year-end	\$ 764,186	\$ 569,186
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions	(330,593)	(242,733)
Board designations	<u>(13,996)</u>	<u>(64,256)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 419,597</u>	<u>\$ 262,197</u>

As part of the Foundations liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

FLIGHT TEST HISTORICAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS -continued
September 30, 2024 and 2023

NOTE C – CONSTRUCTION IN PROGRESS

The Foundation is currently in the process of constructing a new 75,000 square foot museum on Edwards Air Force Base immediately outside of the west gate. Upon the completing of the museum the structure will be donated to the Air Force, and used for the purpose of housing exhibits related to the over 75 years of flight tests, aerospace, and technological developments at Edwards Air Force Base, NASA Armstrong Flight Research Center, Plant 42 and Aerospace Valley. At September 30, 2024 and 2023 construction in progress related to the museum totaled \$3,407,645. At September 30, 2024 and 2023, the Foundation had no outstanding contractual commitments related to the construction of the Museum.

NOTE D – BOARD DESIGNATED NET ASSETS AND CASH

At September 30, 2024 and 2023 , board designated net assets were available for use as follows:

	<u>2024</u>	<u>2023</u>
Construction of new museum	\$ 13,996	64,256
	<u>\$ 13,996</u>	<u>\$ 64,256</u>

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2024 and 2023, net assets with donor restrictions were available for use as follows:

	<u>2024</u>	<u>2023</u>
Aircraft restoration projects	\$ 12,397	\$ 9,897
STEM educational program	211,670	211,913
Scholarships	22,743	20,923
Construction of new museum	<u>2,720,094</u>	<u>2,636,311</u>
	<u>\$ 2,966,904</u>	<u>\$ 2,879,044</u>

As of September 30, 2024, the balance of net assets restricted for the construction of the museum consisted of cash of \$83,783 and construction in progress of \$2,636,311. As of September 30, 2024, the balance of net assets restricted for the construction of the museum consisted of construction in progress of \$2,636,311.

NOTE F – ASSETS RELEASED FROM BOARD DESIGNATIONS

Net assets were released from board designations by incurring expenses satisfying designated purposes during the fiscal year ended September 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Construction of museum	\$ 50,260	\$ 48,446
	<u>\$ 50,260</u>	<u>\$ 48,446</u>

FLIGHT TEST HISTORICAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS -continued
September 30, 2024 and 2023

NOTE G – ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes during the fiscal year ended September 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
STEM educational program	\$ 136,543	\$ 56,051
STEM scholarships	<u>2,000</u>	<u>-0-</u>
	<u>\$ 138,543</u>	<u>\$ 56,051</u>

NOTE H — MERCHANDISE COST OF SALES

The following relates to merchandise cost of sales:

	<u>2024</u>	<u>2023</u>
Beginning Inventory	\$ 72,119	\$ 45,316
Plus: Purchases	<u>71,995</u>	<u>86,191</u>
Inventory available	144,114	131,507
Less: Ending Inventory	<u>(58,723)</u>	<u>(72,119)</u>
Cost of Sales	<u>\$ 85,391</u>	<u>\$ 59,388</u>

NOTE I — DONATED FACILITIES, SERVICES, AND MATERIALS

A reasonable valuation has been applied to donated facilities, services, and materials when the fair value of those donations is readily determinable. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in its functions that do not meet the criteria for recognition. No value has been recognized in the financial statements for the donated services or for donated use of the gift shop facilities at Edwards Air Force Base or the use of the land at the Blackbird Airpark in Palmdale, CA as the fair value of those facilities could not be readily determined.

NOTE J – CONCENTRATION OF RISK

Substantially all of the Foundation's gift shop sales occur at its gift shops located at Edwards Air Force Base and at the Blackbird Airpark located in Palmdale, CA. During the year ended September 30, 2024 and 2023, net sales represented approximately 18% and 21% of the Foundation's reported support and revenue, respectively.

In addition, the museum and many of the special events were hosted at various locations on Edwards Air Force Base. Should the Foundation be unable to continue to conduct its operations on the Base, its operations may be adversely affected.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 14, 2025, the date the financial statements were available to be issued. No events were identified by management that would warrant disclosure.