

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

Audits of Consolidated Financial Statements

June 30, 2024 and 2023



THE NATIONAL  
WWII MUSEUM  
NEW ORLEANS



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## **Independent Auditor's Report**

To the Board of Directors of  
The National World War II Museum, Inc. and Subsidiaries  
New Orleans, Louisiana

### ***Report on the Audit of the Financial Statements***

#### **Opinion**

We have audited the accompanying consolidated financial statements of The National World War II Museum, Inc. and Subsidiaries (the Museum), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Museum as of June 30, 2024 and 2023, and the changes in its net assets 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules, schedule of compensation, benefits, and other payments to agency head or chief executive officer, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying consolidating schedules, schedule of compensation, benefits, and other payments to agency head or chief executive officer, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024, on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
November 13, 2024

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**  
**June 30, 2024**

	2024	2023
<b>Assets</b>		
Cash and Cash Equivalents	\$ 79,436,779	\$ 61,735,555
Unconditional Promises to Give		
Capital Campaign, Net of Allowances	7,826,455	17,180,023
Endowment, Net of Allowances	2,051,790	2,907,503
Other, Net of Allowances	7,528,548	7,134,572
ERTC Receivable	-	2,533,028
Retail Store Inventory	1,285,991	1,098,508
Other Assets	5,789,626	7,667,411
Endowment Assets		
Cash and Cash Equivalents - Restricted	152,820	595,066
Investments	53,593,389	47,496,090
Property and Equipment, Net of Accumulated Depreciation	290,746,226	291,419,346
Collections	14,718,064	14,629,725
Interest Rate Swap Asset	424,831	455,168
Right-of-Use Assets - Operating Leases, Net	1,753,983	1,841,631
Right-of-Use Assets - Finance Leases, Net	7,510	22,528
<b>Total Assets</b>	<b>\$ 465,316,012</b>	<b>\$ 456,716,154</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable Trade	\$ 1,216,676	\$ 3,132,929
Accrued Expenses	5,018,050	6,238,225
Unearned Revenue and Deposits	7,549,124	8,202,608
Taxes Payable	275,600	360,911
Other Liabilities	1,060,753	1,049,628
Notes Payable, Net	45,344,724	51,508,054
Lease Liability - Operating Leases	1,795,631	1,855,611
Lease Liability - Finance Leases	7,724	22,844
<b>Total Liabilities</b>	<b>62,268,282</b>	<b>72,370,810</b>
<b>Net Assets Without Donor Restrictions</b>		
Designated	63,439,446	50,953,787
Undesignated	282,815,806	263,724,754
<b>Total Net Assets Without Donor Restrictions</b>	<b>346,255,252</b>	<b>314,678,541</b>
<b>Net Assets With Donor Restrictions</b>	<b>56,792,478</b>	<b>69,666,803</b>
<b>Total Net Assets</b>	<b>403,047,730</b>	<b>384,345,344</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 465,316,012</b>	<b>\$ 456,716,154</b>

The accompanying notes are an integral part of these consolidated financial statements.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>			
Operating Revenue	\$ 79,201,051	\$ -	\$ 79,201,051
Financial Contributions and Grants	28,231,775	9,445,547	37,677,322
In-Kind Contributions	276,290	-	276,290
Net Return on Investments	2,610,340	4,717,380	7,327,720
Hilton Franchise Debt Forgiveness	65,000	-	65,000
Net Assets Released from Restrictions	27,037,252	(27,037,252)	-
<b>Total Revenue and Other Support</b>	<b>137,421,708</b>	<b>(12,874,325)</b>	<b>124,547,383</b>
<b>Expenses and Losses</b>			
<b>Program Services</b>	90,316,615	-	90,316,615
<b>Supporting Services</b>			
General and Administrative	8,222,593	-	8,222,593
Fundraising	7,275,451	-	7,275,451
<b>Total Expenses</b>	<b>105,814,659</b>	<b>-</b>	<b>105,814,659</b>
<b>Changes in Net Assets Before Change in Liability on Interest Rate Swap Agreement</b>	<b>31,607,049</b>	<b>(12,874,325)</b>	<b>18,732,724</b>
Change in Liability on Interest Rate Swap Agreement	(30,338)	-	(30,338)
<b>Change in Net Assets</b>	<b>31,576,711</b>	<b>(12,874,325)</b>	<b>18,702,386</b>
<b>Net Assets, Beginning of Year</b>	<b>314,678,541</b>	<b>69,666,803</b>	<b>384,345,344</b>
<b>Net Assets, End of Year</b>	<b>\$ 346,255,252</b>	<b>\$ 56,792,478</b>	<b>\$ 403,047,730</b>

The accompanying notes are an integral part of these consolidated financial statements.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>			
Operating Revenue	\$ 66,047,658	\$ -	\$ 66,047,658
Financial Contributions and Grants	15,706,617	21,846,480	37,553,097
In-Kind Contributions	141,648	-	141,648
Net Return on Investments	7,017,716	(990,666)	6,027,050
Hilton Franchise Debt Forgiveness	65,000	-	65,000
Investment Tax Credit Revenue	1,344,312	-	1,344,312
Net Assets Released from Restrictions	15,908,048	(15,908,048)	-
<b>Total Revenue and Other Support</b>	<b>106,230,999</b>	<b>4,947,766</b>	<b>111,178,765</b>
<b>Expenses and Losses</b>			
<b>Program Services</b>	75,811,975	-	75,811,975
<b>Supporting Services</b>			
General and Administrative	7,486,372	-	7,486,372
Fundraising	6,743,985	-	6,743,985
<b>Total Expenses</b>	<b>90,042,332</b>	<b>-</b>	<b>90,042,332</b>
<b>Changes in Net Assets Before Change in Liability on Interest Rate Swap Agreement</b>	<b>16,188,667</b>	<b>4,947,766</b>	<b>21,136,433</b>
Change in Liability on Interest Rate Swap Agreement	510,541	-	510,541
<b>Change in Net Assets</b>	<b>16,699,208</b>	<b>4,947,766</b>	<b>21,646,974</b>
<b>Net Assets, Beginning of Year</b>	<b>297,979,333</b>	<b>64,719,037</b>	<b>362,698,370</b>
<b>Net Assets, End of Year</b>	<b>\$ 314,678,541</b>	<b>\$ 69,666,803</b>	<b>\$ 384,345,344</b>

The accompanying notes are an integral part of these consolidated financial statements.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

	Program Services	Supporting Services		Total Expenses
		General and Administration	Fundraising	
Advertising	\$ 2,518,337	\$ 33,297	\$ 99,890	\$ 2,651,524
Capital and Bad Debt Expense	11,613	-	-	11,613
Cost of Goods Sold	2,458,292	6,420	19,261	2,483,973
Depreciation and Amortization	13,161,413	2,214,863	-	15,376,276
Educational Travel Program Expense	13,731,425	-	-	13,731,425
Hotel Operating Expense	14,711,183	-	-	14,711,183
Insurance Expense	2,152,748	791,732	-	2,944,480
Interest Expense	3,215,389	-	-	3,215,389
Marketing Expense	693,840	730	2,190	696,760
Meeting, Events, and Conferences Expense	3,737,025	31,724	593,487	4,362,236
Office Supplies	1,207,829	10,088	8,080	1,225,997
Other Operating Expense	2,316,058	130,635	449,272	2,895,965
Other Personnel Costs	151,365	963	3,239	155,567
Other Program Expense	1,317,007	-	-	1,317,007
Payroll Taxes and Benefits	2,980,916	649,677	336,835	3,967,428
Printing and Postage Expense	1,203,383	901,929	2,713,933	4,819,245
Professional Services	1,589,799	562,098	865,277	3,017,174
Repair and Maintenance	3,793,135	-	-	3,793,135
Salaries	16,945,522	2,580,923	2,001,072	21,527,517
Staff and Volunteer Expenses	695,066	82,714	22,291	800,071
Staff Travel	552,514	6,557	14,829	573,900
Telephone Expense	82,397	463	609	83,469
Utilities	1,090,359	217,780	145,186	1,453,325
<b>Total Expenses</b>	<b>\$ 90,316,615</b>	<b>\$ 8,222,593</b>	<b>\$ 7,275,451</b>	<b>\$ 105,814,659</b>

The accompanying notes are an integral part of these consolidated financial statements.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

	Program Services	Supporting Services		Total Expenses
		General and Administration	Fundraising	
Advertising	\$ 2,847,720	\$ 23,569	\$ 70,706	\$ 2,941,995
Capital and Bad Debt Expense	33,507	-	-	33,507
Cost of Goods Sold	2,287,393	-	-	2,287,393
Depreciation and Amortization	11,439,183	2,033,634	-	13,472,817
Educational Travel Program Expense	6,351,045	-	-	6,351,045
Hotel Operating Expense	15,138,780	-	-	15,138,780
Insurance Expense	1,671,467	615,951	-	2,287,418
Interest Expense	3,255,459	-	-	3,255,459
Marketing Expense	898,465	-	18,497	916,962
Meeting, Events, and Conferences Expense	1,124,115	65,473	112,861	1,302,449
Office Supplies	1,423,787	4,097	5,303	1,433,187
Other Operating Expense	2,071,662	162,866	541,891	2,776,419
Other Personnel Costs	275,216	23	2,054	277,293
Other Program Expense	887,184	-	-	887,184
Payroll Taxes and Benefits	2,970,058	136,198	246,204	3,352,460
Printing and Postage Expense	1,661,946	1,009,880	3,046,080	5,717,906
Professional Services	2,323,889	838,564	689,537	3,851,990
Repair and Maintenance	1,928,299	-	-	1,928,299
Salaries	14,908,734	2,320,781	1,856,351	19,085,866
Staff and Volunteer Expenses	713,315	64,102	10,660	788,077
Staff Travel	461,960	5,939	6,680	474,579
Telephone Expense	116,161	770	811	117,742
Utilities	1,022,630	204,525	136,350	1,363,505
<b>Total Expenses</b>	<b>\$ 75,811,975</b>	<b>\$ 7,486,372</b>	<b>\$ 6,743,985</b>	<b>\$ 90,042,332</b>

The accompanying notes are an integral part of these consolidated financial statements.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 18,702,386	\$ 21,646,974
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities		
Depreciation and Amortization	15,376,276	13,472,817
Hilton Development Incentive Note Forgiveness	(65,000)	(65,000)
Amortization of Note Payable Discount	45,260	22,630
Realized and Unrealized (Gain) Loss on Investments	(890,655)	3,723,528
Bad Debt Expense	15,070	-
(Increase) Decrease in Operating Assets		
Other Unconditional Promises to Give, Net	2,121,786	(6,982,924)
ERTC Receivable	2,533,028	1,479,868
Retail Store Inventory	(187,483)	(75,952)
Other Assets	1,877,785	(346,508)
Right-of-Use Assets - Operating Leases	160,309	144,062
Increase (Decrease) in Operating Liabilities		
Accounts Payable Trade	(1,916,253)	233,663
Accrued Expenses	(1,220,175)	1,272,354
Unearned Revenue and Deposits	(653,484)	2,288,954
Taxes Payable	(85,311)	49,934
Other Liabilities	11,125	(229,517)
Lease Liability - Operating Leases	(132,641)	(130,082)
Changes in Asset/Liability on Interest Rate Swap Agreement	30,337	(510,541)
Revenues Restricted for the Acquisition of Property and Equipment		
State Grant	(9,178,346)	(5,768,178)
Capital Campaign Contributions, Net of Expenses	(4,827,935)	(9,867,010)
(Decrease) Increase in Discount on Unconditional Promises to Give:		
Capital Campaign	(803,405)	787,030
(Decrease) Increase in Allowance for Uncollectible Promises to Give:		
Capital Campaign	(15,071)	141,252
Decrease in Discount on Unconditional Promises to Give:		
Endowment	(126,617)	(304,914)
Decrease in Allowance for Uncollectible Promises to Give:		
Endowment	-	87,200
Contributions Restricted for Endowment Purposes	(739,594)	(3,706,952)
<b>Net Cash Provided by Operating Activities</b>	<b>20,031,392</b>	<b>17,362,688</b>

The accompanying notes are an integral part of these consolidated financial statements.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(14,776,477)	(22,267,909)
Investment Purchases	(5,589,598)	(30,192,805)
Proceeds from Sales and Maturities of Investments	382,954	18,815,383
<b>Net Cash Used in Investing Activities</b>	<b>(19,983,121)</b>	<b>(33,645,331)</b>
<b>Cash Flows from Financing Activities</b>		
Collections of State Grant Funds Restricted for the Acquisition of Property and Equipment	9,178,346	5,768,178
Collections of Endowment Gifts	1,721,924	1,924,350
Collections of Capital Campaign Contributions Restricted for the Acquisition of Property and Equipment, Net of \$1,452,065 and \$1,469,023 of Campaign Expenses in 2024 and 2023, Respectively	12,469,147	8,207,910
Repayments of Notes Payable	(6,143,590)	(7,203,574)
Payments of Debt Issuance Costs	-	(135,780)
Principal Payments on Finance Leases	(15,120)	(14,702)
<b>Net Cash Provided by Financing Activities</b>	<b>17,210,707</b>	<b>8,546,382</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>17,258,978</b>	<b>(7,736,261)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>62,330,621</b>	<b>70,066,882</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 79,589,599</b>	<b>\$ 62,330,621</b>
<b>Supplemental Disclosures</b>		
Cash and Cash Equivalents	\$ 79,436,779	\$ 61,735,555
Cash and Cash Equivalents Restricted for Endowments	152,820	595,066
<b>Total Cash and Cash Equivalents</b>	<b>\$ 79,589,599</b>	<b>\$ 62,330,621</b>
Cash Paid During the Year for Interest	\$ 3,479,037	\$ 2,923,921
<b>Non-Cash Transactions</b>		
Recognition of Operating Lease Right-of-Use Assets	\$ 72,661	\$ 1,985,693
Operating Lease Liability Arising from Right-of-Use Assets	\$ 72,661	\$ 1,985,693
Finance Lease Liability Arising from Right-of-Use Assets	\$ -	\$ 37,546

The accompanying notes are an integral part of these consolidated financial statements.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 1. Nature of Activities

The National World War II Museum, Inc. and Subsidiaries (the Museum) was established on December 2, 1991, to design, construct, and maintain a public museum located in New Orleans, Louisiana that tells the story of the American Experience in *the war that changed the world* - why it was fought, how it was won, and what it means today - so that all generations will understand the price of freedom and be inspired by what they learn. The Museum's program activities are related to this mission.

The Museum completed its initial phase of construction, the Louisiana Memorial Pavilion and D-Day Planning and Beaches Galleries, and opened in June 2000. An expansion of the Museum devoted to the war in the Pacific Theatre opened in December 2001. During 2003, the Museum was officially designated by Congress as America's National World War II Museum and was reincorporated under its new name with the State of Louisiana. In 2006, the Museum completed construction on the first major component of a new expansion project. The Discovery Hall addition is a 12,000 square-foot, multi-functional, education facility offering the Museum's first dedicated space to students and teachers, providing an exciting, dynamic place to learn.

During 2009, the Museum opened the Solomon Victory Theater and BB's Stage Door Canteen complex. This major campus addition is comprised of a multi-sensory theater presenting a signature film experience titled *Beyond All Boundaries*, and a 1940's themed live performance venue with food and beverage service provided by the Museum's American Sector Restaurant. This phase of the Museum's expansion also provides space for support services, administration, ticketing, retail outlets, and central plant services.

In 2013, the Museum opened The United States Freedom Pavilion - Boeing Center. This 90+ foot high addition is the tallest of the Museum's pavilions and houses many macro artifacts, including the iconic B-17 Flying Fortress, a simulation submarine experience, and galleries highlighting the branches of service and Medal of Honor recipients. This phase included the educational exhibit "*What Would You Do?*", an expanded central plant, and event services.

In December 2014, the Museum opened the Road to Berlin in the Campaigns of Courage Pavilion. The following December, the Road to Tokyo opened in this same Pavilion. All campaigns of the war on land, sea, and air, and every branch of the U.S. military services are explored through immersive gallery exhibits, historical artifacts, and interactive AV presentations. The Campaigns of Courage Pavilion includes The Dog Tag Experience, an engaging museum enhancement built upon a format that includes Radio-Frequency Identification ("RFID") enabled devices resembling dog tags, together with a website providing a new online Extended Experience permitting visitors to access a vast array of newly available digital content. The Dog Tag Experience introduces visitors to a historical person whose story unfolds over the course of the visitor's journey through the Campaigns of Courage Pavilion galleries; the online Extended Experience allows visitors to return to the journey from home after their onsite museum visit. The Dog Tag Experience begins at the Train Station, a major renovation of the existing Louisiana Memorial Pavilion which opened in 2013.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 1. Nature of Activities (Continued)

In December 2016, the Museum completed Founders Plaza, an impressive entryway to the Museum and a pleasant setting for rest and reflection as part of the visitor experience. The area includes a dedication to the Museum's founders, Stephen Ambrose and Nick Mueller, along with major donors. In June 2017, the Museum opened The Arsenal of Democracy: The Herman and George Brown Salute to the Home Front. The exhibit literally brings the story of how the war was fought at home, an epic undertaking fueled by stateside industry, ingenuity, and the labor of millions of patriotic Americans. The exhibit creates countless opportunities for visitors to make personal connections with the men and women who helped win the war.

In October 2019, the Museum completed The Hall of Democracy. The Hall of Democracy is a 34,800 square-foot pavilion dedicated to the Museum's research, World War II (WWII) content expertise, and outreach to visitors, educators, students, and scholars around the world. This pavilion makes the Museum's extensive digitized collection of oral histories, photographs, artifacts, and archives more accessible to the public through new on-line and learning initiatives. The pavilion houses a special exhibits gallery; the Jenny Craig Institute for the Study of War and Democracy; a WWII Media and Education Center with production studios and broadcast capabilities for the editing, production, and dissemination of the Museum's digital assets and programs; and a library that will support research and public engagement.

In November 2019, the Museum subsidiary, World War II Theatre, Inc. (the Theatre), opened its 230 room Higgins Hotel and Conference Center (the Hotel or the Higgins). The Hotel is branded as a Hilton Curio property. The Hotel is named in honor of Andrew Higgins who designed and built over 20,000 boats in New Orleans that were used in every major amphibious assault of World War II. Inspired by the war era and featuring a unique art deco design evocative of the WWII era, the Higgins immerses visitors in the war years with exhibit displays and specially curated educational resources. In addition to its guest rooms, The Higgins features a second-floor conference center with more than 18,000 square feet of meeting space, including a boardroom that replicates critical elements from the planning of the D-Day invasion as well as six meeting rooms bearing names and content related to the themes of World War II, which provide critical space for hosting the Museum's continually expanding educational programs and initiatives.

On November 3, 2023, the Museum debuted its final permanent exhibit hall, Liberation Pavilion and dedicated the Col. Battle Barksdale Parade Ground. The stunning, three story, 33,610 square feet Liberation Pavilion explores the end of World War II, the Holocaust, the immediate postwar years and the war's continuing impact today. Two floors of exhibit space feature personal experiences, iconic imagery, impactful artifacts and immersive settings and a third-floor theater offers audiences a brand-new cinematic experience. Together, these spaces allow the Museum to tell a more complete story of the American experience in the war that changed the world and fulfill the final pillar of the institution's mission: what does World War II mean today encouraging visitors to contemplate the joys, costs and meaning of liberation and freedom.

Adjacent to the Liberation Pavilion, the 24,000 square foot Col. Barksdale Parade Ground is an impressive outdoor space in the heart of the Museum's campus.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 2. Organization and Summary of Significant Accounting Policies

#### Organization and Income Taxes

The National World War II Museum, Inc. is a non-profit corporation organized under the laws of the State of Louisiana for charitable purposes, principally the operation and maintenance of a museum dedicated to the history of World War II.

Effective March 21, 2006, Chalk #17, Inc. was formed as a non-profit corporation to be operated exclusively for the benefit of the Museum. The Museum is the sole member and elects the members of the Board of Directors of Chalk #17, Inc. The purpose of this corporation is to acquire and preserve aircraft and other large artifacts, specifically with regard to their roles in World War II, and to promote public awareness, appreciation, and education of the historic relevance of these artifacts.

On October 22, 2007, the Theatre was established as a non-profit corporation to operate exclusively for the benefit of the Museum and to support the educational, charitable, and social purposes of the Museum specifically to construct a theater, canteen, and restaurant adjacent to the existing museum. These assets were transferred to the Museum on January 25, 2017. The Theatre modified its purpose in 2017 such that, in addition to the theatre, canteen, and restaurant operations, the Theatre's purpose was expanded to take on the hotel and conference center development and operations. The corporation is organized on a stock basis with authority to issue 100 shares. There is one shareholder of the corporation who is known as the Corporate Shareholder and such Corporate Shareholder is The National World War II Museum, Inc.

On April 2, 2010, World War II Pavilions, Inc. was established as a non-profit corporation to operate exclusively for the benefit of the Museum and to support the educational, charitable, and social purposes of the Museum specifically to construct and operate the U.S. Freedom Pavilion: The Boeing Center adjacent to The National World War II Museum. The corporation is organized on a stock basis with authority to issue 100 shares. There is one shareholder of the corporation who is known as the Corporate Shareholder and such Corporate Shareholder is The National World War II Museum, Inc.

On February 3, 2011, Warehouse District Development, Inc. was established for the exclusive purposes of serving and/or providing investment capital for "Low-Income Communities" or "Low-Income Persons". The corporation is organized on a stock basis with authority to issue 100 shares. There is one shareholder of the corporation who is known as the Corporate Shareholder and such Corporate Shareholder is The National World War II Museum, Inc. There was no activity during 2024 and 2023.

On February 8, 2011, World War II Campaigns, Inc. was established as a non-profit corporation to operate exclusively for the benefit of the Museum and to support the educational, charitable, and social purposes of the Museum specifically to construct and operate the Campaigns Pavilion adjacent to The National World War II Museum. The organization is organized on a stock basis with the authority to issue 500 shares. There is one shareholder of the corporation who is known as the Corporate Shareholder and such Corporate Shareholder is The National World War II Museum, Inc.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 2. Organization and Summary of Significant Accounting Policies (Continued)

#### Organization and Income Taxes (Continued)

On November 10, 2016, PT-305 Excursions, L.L.C. was established as a single member LLC to operate exclusively for the benefit of the Museum and to support the educational, charitable, and social purposes of the Museum specifically to operate the PT-305 boat. Chalk #17, Inc. is the sole member of the company. The company is a disregarded entity for federal income tax purposes.

The National World War II Museum, Inc., Chalk #17, Inc., World War II Theatre, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc., and Warehouse District Development, Inc. are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not a private foundation as defined in Section 509(a) of the Internal Revenue Code. They are also exempt from Louisiana income tax under the authority of Louisiana Revised Statute (R.S.) 47:121(5).

#### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### Basis of Accounting

The consolidated financial statements of the Museum are prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

The financial statement presentation is presented in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

#### Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that may or will be met either by actions of the Museum and/or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity by the Museum. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 2. Organization and Summary of Significant Accounting Policies (Continued)

#### **Consolidation**

The accompanying consolidated financial statements show the consolidated assets, liabilities, and transactions of the Museum and its wholly owned subsidiaries, Chalk #17, Inc., World War II Theatre, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc., Warehouse District Development Inc., and PT-305 Excursions, L.L.C. (the Subsidiaries).

All intercompany transactions and resulting balances have been eliminated in the consolidated financial statements.

#### **Cash and Cash Equivalents**

For reporting purposes, the Museum considers all short-term, highly liquid investments (including certificates of deposit) with initial maturity dates of less than one year to be cash equivalents. The Museum considers investments in money market funds to be cash equivalents.

#### **Promises to Give**

The Museum records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities and changes in net assets. The Museum determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### **Allowances for Uncollectible Promises to Give**

The Museum provides for estimated uncollectible promises to give based on prior years' experience and management's analysis of specific promises made. During the years ended June 30, 2024 and 2023, promises to give totaling \$100,000 and \$-0-, respectively, were written off. As of June 30, 2024 and 2023, the balance of the allowance related to the Capital Campaign (see Note 4) was \$616,361 and \$631,432 respectively, the allowance related to the Endowment (see Note 12) was \$545,000, and the allowance for other promises to give was \$261,250.

#### **Retail Store Inventory**

Inventories are valued at the lower of cost (first-in, first-out) or net realizable value.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 2. Organization and Summary of Significant Accounting Policies (Continued)

#### **Investments**

Investments in equity securities with readily determinable fair values are measured at fair value in the consolidated statements of financial position. Investments also include alternative investments consisting of private equity, private credit funds, and marketable alternatives. These investments are reported at net asset value (NAV) as a practical expedient to fair value. Investment return, net (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

#### **Property and Equipment**

Assets acquired are stated at cost, net of accumulated depreciation. Assets donated are carried at fair market value on date of donation, net of accumulated depreciation. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation of buildings, exhibits, furnishings, and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from three years for equipment, ten years for exhibits, and forty years for buildings.

#### **Collections**

As of June 30, 2024 and 2023, collections consist of three films commissioned by the Museum, a collection of German, French, and American artifacts acquired from the St. Lo Museum in France in 1995, aircraft, tanks, military vehicles, monuments men artifacts, vintage automobiles, Higgins boat, PT 305 boat, oral histories from World War II veterans, and miscellaneous artifacts. The Museum does not record depreciation on its collections because depreciation is not presently required to be recognized on individual works of art or historical treasures whose economic benefit or service potential is used so slowly that their estimated useful lives are extraordinarily long. The Museum uses a \$25,000 capitalization threshold for both purchased and donated collections.

#### **Derivative Instruments**

The Museum has a derivative instrument that is used as a hedge to the variable interest rate loans issued by Hancock Whitney Bank and First Horizon Bank (Note 8). The Museum accounts for its derivative instruments under the FASB ASC Topic 815, *Derivatives and Hedging*. More specifically, FASB ASC 815-20 requires that the fair value of derivatives be recorded as a liability and a related loss or as an asset and a related gain depending on the future net payments forecasted under the derivative.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 2. Organization and Summary of Significant Accounting Policies (Continued)

#### **Revenue and Revenue Recognition**

The Museum recognizes revenue in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers and donors that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Museum records the following revenue in its consolidated statements of activities and changes in net assets as operating revenue:

#### ***Admissions Revenue***

Admissions revenue represents the Museum Campus Pass Admissions, Museum Campus Pass Package, and Guided Tours ticket sales. Revenue is recognized at the time the ticket is presented for admission.

#### ***Hotel Operating Revenue***

Revenue represents sales derived from hotel operations, including rental of rooms and food and beverage sales, provided in the normal course of business. The performance obligation is to provide accommodations and other ancillary services to hotel guests. The transaction price for such goods and services is established as a fixed nightly fee for an agreed upon period and additional fixed fees for any ancillary services purchased. The fees are generally payable at the end of the hotel accommodations and other ancillary services. The performance obligations are generally satisfied over time. Revenue from room sales and from other ancillary guest services is recognized on a daily basis, as the rooms are occupied and ancillary services are rendered.

#### ***Retail Store Revenue***

Revenue from retail store sales is recognized at the time of the sale.

The Museum records the following revenue in its consolidated statements of activities and changes in net assets as financial contributions and grants:

#### ***Contribution and Grants***

Contributions and grants received are recorded as unrestricted or restricted support, depending on the existence or nature of any donor or grantor restrictions. Support that is restricted by the donor or grantor is reported as an increase in restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends and/or when the purpose is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

#### ***Membership Revenue***

Membership dues are recorded in the period the cash is received.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 2. Organization and Summary of Significant Accounting Policies (Continued)

#### **Donated Services of Volunteers**

A substantial number of volunteers have given extensive amounts of time and services to the Museum. However, no amounts are reflected in the consolidated financial statements for such services as management believes that the requirements for recording in-kind services have not been satisfied.

#### **In-Kind Contributions**

The Museum's in-kind contributions, consisting of professional services and transportation, totaled \$276,290 and \$141,648 for the years ended June 30, 2024 and 2023, respectively. Professional services were valued using estimated average U.S. prices for identical or similar services using pricing data under a "like-kind" methodology. No in-kind contributions were restricted. The Museum used those services for its own program and supporting service use.

#### **Fundraising Expenses**

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals in a subsequent year.

#### **Functional Allocation of Expenses**

Expenses are charged directly to program expenses, general and administration, or fundraising based on specific identification.

#### **Allocated Expenses**

The costs of providing the various programs and other activities are summarized in Note 14.

#### **Tax Matters**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Museum believes that it has taken appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

#### **Concentrations**

Financial instruments that potentially expose the Museum to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. The Museum has not experienced any losses in these accounts. The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to \$250,000 per depositor. At June 30, 2024, the Museum had \$10,789,686 in excess of the FDIC insured limit and approximately \$41,500,000 invested in short-term U.S. agencies.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 2. Organization and Summary of Significant Accounting Policies (Continued)

#### Advertising Costs

Advertising costs are expensed as incurred and totaled \$2,651,524 and \$2,941,995 during the years ended June 30, 2024 and 2023, respectively.

#### Leases

The Museum determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Museum obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Museum also considers whether its service arrangements include the right to control the use of an asset.

The Museum recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Museum made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Museum made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Museum has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate asset classes. The non-lease components typically represent additional services transferred to the Museum, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 2. Organization and Summary of Significant Accounting Policies (Continued)

#### Recent Accounting Pronouncements - Adopted

As of July 1, 2023, the Museum adopted ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, and all subsequently issued related amendments, which changed the methodology used to recognize impairment of the Museum's contract receivables. Under this ASU, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected to occur over the asset's remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. The Museum performed its expected credit loss calculation based on historical contract receivable write-offs, including consideration of then-existing economic conditions and expected future conditions. The implementation of this standard did not have a significant impact on the accompanying financial statements.

### Note 3. Unconditional Promises to Give

Promises of donors to make contributions to the Museum are included in the consolidated financial statements as unconditional promises to give and revenue of the net assets with donor restrictions class after discounting projected future cash flows to the present value using an estimate of the Annual Federal Mid-Term Rate. Promises to give receivable balances of more than one year are discounted between 4-5% for each of the years ended June 30, 2024 and 2023.

Unconditional promises to give for the years ended June 30, 2024 and 2023 consisted of the following:

June 30, 2024	Capital Campaign	Endowment	Other	Total
Unconditional Promises to Give	\$ 9,398,600	\$ 2,822,483	\$ 8,359,301	\$ 20,580,384
Unamortized Discount	(955,784)	(225,693)	(569,503)	(1,750,980)
Allowance for Uncollectible Amounts	(616,361)	(545,000)	(261,250)	(1,422,611)
Net Unconditional Promises to Give	\$ 7,826,455	\$ 2,051,790	\$ 7,528,548	\$ 17,406,793
June 30, 2023	Capital Campaign	Endowment	Other	Total
Unconditional Promises to Give	\$ 19,570,644	3,804,813	8,061,667	\$ 31,437,124
Unamortized Discount	(1,759,189)	(352,310)	(665,845)	(2,777,344)
Allowance for Uncollectible Amounts	(631,432)	(545,000)	(261,250)	(1,437,682)
Net Unconditional Promises to Give	\$ 17,180,023	\$ 2,907,503	\$ 7,134,572	\$ 27,222,098

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 3. Unconditional Promises to Give (Continued)

Pledges are expected to be collected as follows:

	2024	2023
<b>Amounts Due In:</b>		
Less than One Year	\$ 8,648,620	\$ 14,277,005
One to Five Years	11,911,764	17,160,119
Greater than Five Years	20,000	-
<b>Total Amounts Due</b>	<b>\$ 20,580,384</b>	<b>\$ 31,437,124</b>

### Note 4. Capital Campaign

In 2004, the Museum began the Capital Campaign to raise funds for the expansion of the Museum facilities, campaign expenses, and the Endowment. The goal of the Capital Campaign was subsequently increased to \$400,000,000, of which \$33,000,000 was targeted from Federal sources, \$86,000,000 from state funding, \$23,000,000 was targeted from tax incentives, and \$258,000,000 from private sector donations. An additional \$53,200,000 from commercial funding sources was obtained for the hotel and conference center. An additional \$7,000,000 of state funding was secured for construction of the parking garage.

The Museum's Road to Victory Capital Campaign goal of \$400,000,000 was reached and exceeded during the year June 30, 2024, with \$420,481,558 (unaudited) raised, with seven pavilions and a hotel and conference center. The Capital Campaign represented a successful public-private partnership with early and important funding from the US Congress (\$33,590,000 million), significant and consistent investment from the State of Louisiana (\$91.5 million), (excludes \$7 million for the parking garage), \$19,027,032 of funded/financed through tax incentive, \$276,364,526 has been raised from over 360 donor from the private sector, including 228 individuals, 71 private and family foundations and 65 corporations. An additional \$16,679,674 (unaudited) is reported by the Museum as planned gifts which will then be recognized in subsequent periods in accordance with accounting principles generally accepted in the United States of America (for items such as the Museum being named as a beneficiary in a will or life insurance policy).

The completion of the Museum's Road to Victory Campaign was officially celebrated in November 2023 with the opening of the Liberation Pavilion and completion of the Master Plan for the Museum's Campus.

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

#### Note 4. Capital Campaign (Continued)

With the campus Master Plan now complete, the Museum will launch a new fundraising campaign to be announced at the Museum's 25<sup>th</sup> Anniversary in June 2025. A goal of \$260 million has been proposed to provide funding to expand current education priorities and support the new teaching and learning; digital engagement; collections and exhibits; and visitor experience initiatives through gifts and sponsors (\$65 million); support capital projects (\$45 million) and significantly build the Museum's Endowment to support the new initiatives and financial sustainability (\$150 million).

Promises receivable from private sector sources (excluding Endowment) as of June 30, 2024 and 2023 are as follows:

	2024	2023
Promises Receivable at Beginning of Year	\$ 19,570,644	\$ 17,911,544
New Promises Made During the Year	6,280,000	9,266,180
Less:		
Cash Received	(13,921,211)	(7,607,080)
Reclassification to Non-Capital Campaign	(2,515,763)	-
Write Offs	(15,070)	-
	<u>9,398,600</u>	<u>19,570,644</u>
Promises Receivable at End of Year	9,398,600	19,570,644
Unamortized Discount	(955,784)	(1,759,189)
Allowance for Doubtful Promises	(616,361)	(631,432)
	<u>(1,572,145)</u>	<u>(2,390,621)</u>
<b>Total</b>	<b>\$ 7,826,455</b>	<b>\$ 17,180,023</b>

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 4. Capital Campaign (Continued)

The activities of the Capital Campaign funding from private sector sources for property acquisitions and campaign expenses through June 30, 2024 are as follows:

Total Capital Campaign Gifts and Promises (Excluding Endowment)	\$ 227,521,073
Less: Amounts Written Off Since Inception	<u>(4,443,392)</u>
	223,077,681
Discount to Net Present Value at June 30, 2024	(955,784)
Allowance for Doubtful Promises at June 30, 2024	<u>(616,361)</u>
	221,505,536

Net Assets Released from Restrictions Through Acquisition of Property or Payment of Capital Campaign Expenses:

2004	3,605,658
2005	2,467,099
2006	2,973,040
2007	5,396,033
2008	7,967,652
2009	3,306,833
2010	9,493,949
2011	6,994,170
2012	7,732,418
2013	7,976,221
2014	14,351,372
2015	28,199,679
2016	10,347,977
2017	15,372,339
2018	16,132,564
2019	18,999,006
2020	8,960,340
2021	10,319,465
2022	7,871,212
2023	11,290,843
2024	<u>13,921,211</u>

Total Net Assets Released from Restrictions	<u>213,679,081</u>
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<b>Temporarily Restricted Net Assets - Capital Campaign, as of June 30, 2024</b>	<u><u>\$ 7,826,455</u></u>
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# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 5. Investments

Investments held as of June 30, 2024 and 2023 are summarized below:

	2024	2023
<b>Fixed Income Funds</b>	<b>\$ 5,358,672</b>	\$ 4,001,454
<b>Domestic Equity Funds</b>	<b>16,535,895</b>	23,562,284
<b>International Equity Funds</b>	<b>11,797,259</b>	7,616,567
<b>Real Asset Funds</b>	<b>3,597,951</b>	1,876,599
<b>Alternative Investments</b>	<b>16,303,612</b>	10,439,186
<b>Total</b>	<b>\$ 53,593,389</b>	\$ 47,496,090

Investment return related to these investments is included with investment income on the consolidated statements of activities and changes in net assets at June 30, 2024 and 2023 was comprised of the following:

	2024	2023
<b>Net Unrealized Gains</b>	<b>\$ 1,871,445</b>	\$ 7,543,031
<b>Net Realized (Losses) Gains</b>	<b>(212,394)</b>	(11,266,559)
<b>Interest and Dividend Income</b>	<b>5,694,661</b>	9,907,600
<b>Investment Expenses</b>	<b>(25,992)</b>	(157,022)
<b>Total Investment Return, Net</b>	<b>\$ 7,327,720</b>	\$ 6,027,050

### Note 6. Property and Equipment

Property and equipment as of June 30, 2024 and 2023 consists of the following:

	2024	2023
Land	<b>\$ 12,793,793</b>	\$ 12,793,793
Buildings	<b>311,761,366</b>	258,968,634
Exhibits	<b>50,905,820</b>	44,042,453
Equipment, Video Productions, and Furniture	<b>38,717,356</b>	37,849,038
Construction in Progress	<b>9,990,290</b>	55,826,570
	<b>424,168,625</b>	409,480,488
Less: Accumulated Depreciation	<b>(133,422,399)</b>	(118,061,142)
<b>Total</b>	<b>\$ 290,746,226</b>	\$ 291,419,346

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$15,361,258 and \$13,457,440, respectively.

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 7. Split-Interest Agreements

The Museum has four charitable gift annuities in place for which assets were transferred to the Museum and, in return, the Museum must make annual payments to the donor or spouse until their death.

	<b>Fiscal Year Established</b>	<b>Asset Value at Date of Donation</b>	<b>Annual Annuity Payment Due</b>
Charitable Gift Annuity No. 1	2007	\$ 121,200	\$ 7,757
Charitable Gift Annuity No. 2	2015	\$ 13,991	\$ 1,450
Charitable Gift Annuity No. 3	2019	\$ 1,000,000	\$ 75,000
Charitable Gift Annuity No. 4	2021	\$ 127,610	\$ 5,998

The present value of estimated future payments of \$250,857 and \$312,504 as of June 30, 2024 and 2023, respectively, is included in other liabilities in the Museum's consolidated statements of financial position. At June 30, 2024 and 2023, the present value was calculated using a discount rate of 5%.

During the year ended June 30, 2013, the Museum was named as a beneficiary of a charitable lead annuity trust. The Museum will receive annual payments from the trust of \$1,187 for the first year, \$36,109 in years 2 through 14, and \$34,921 in years 15 through 27. The present value of estimated future payments of \$107,039 and \$143,148 as of June 30, 2024 and 2023, respectively, is included in the unconditional promises to give section in the Museum's consolidated statements of financial position.

#### Note 8. Bank Lines of Credit, Notes Payable and Interest Rate Swap Agreement

The Museum has a \$2,500,000 line of credit loan which was evidenced by a promissory note. The line of credit matured on April 12, 2023 and was renewed for an additional two years, maturing April 12, 2025. The line of credit loan was established for working capital purposes. The line of credit loan is collateralized by the collateral securing other loans with this lender. Interest on the line of credit is payable monthly at an adjusted rate equal to the 30-day Secured Overnight Financing Rate (SOFR) Average + 2.75% with a minimum interest rate of 3.75% (8.1% as of June 30, 2024). As of June 30, 2024 and 2023, the Museum had no outstanding balance.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 8. Bank Lines of Credit, Notes Payable and Interest Rate Swap Agreement (Continued)

On August 25, 2017, the Museum entered into a development incentive note with Hilton Franchise Holding, LLC for the development of the Hotel to be operated as part of the Curio Collection by Hilton. This note bears no interest. On each anniversary of the Hotel's opening date, one-twentieth (1/20th) of the original principal amount will be forgiven without payment. The outstanding principal balance of the note payable shall be payable if: (1) a termination of the franchise agreement occurs for any reason; or (2) a transfer occurs and the transferee does not assume the note. As of June 30, 2024 and 2023, the Museum had an outstanding balance of \$1,040,000 and \$1,105,000, respectively.

On December 21, 2017, the Museum entered into construction loan agreements with Hancock Whitney Bank and First Horizon Bank, both in New Orleans. The loan agreements provided for a \$53,209,200 non-revolving line of credit loan which was evidenced by promissory notes to each financial institution in equal amounts. The non-revolving lines of credit had an original maturity date of December 21, 2020 and could be extended for an additional period of two years, the extended maturity date. On December 21, 2020, the non-revolving lines of credit converted to a term loan. (See Note 9). The term loan was renewed on December 21, 2022, extending the maturity to December 21, 2025. The term loans are payable in monthly principal payments based on a twenty-five year amortization plus interest, at the SOFR + 2.25%. As of June 30, 2024 and 2023, the Museum had an outstanding balance of \$44,372,614 and \$45,175,476, respectively, on the term loans. Interest on the term loans are payable monthly at an adjusted rate equal to SOFR + 2.25% (7.6% as of June 30, 2024). Interest expense for the years ended June 30, 2024 and 2023 was \$2,905,107 and \$2,951,590, respectively.

In conjunction with the December 21, 2022 loan agreements for the construction of the Hotel, the Museum entered into an interest rate swap agreement with First Horizon Bank whereby the current notional amount (\$44,372,612 as of June 30, 2024) bears interest at a fixed rate of 4.86% minus a variable interest rate based on the USD-LIBOR BBA + 2.25%. The swap agreement is designed to hedge the risk of changes in interest rate payments on the construction loan agreements.

The Museum has recognized a favorable position with the counterparty in the amount of \$424,831 and \$455,168 as a derivative asset on the consolidated statement of financial position as of June 30, 2024 and 2023, respectively, and recorded an unrealized (loss) gain of (\$30,338) and \$510,541 on the consolidated statements of activities and changes in net assets for the year ended June 30, 2024 and 2023, respectively.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 9. Notes Payable

Notes payable as of June 30, 2024 and 2023 consisted of the following:

	2024	2023
Notes payable, dated December 21, 2022 to Hancock Whitney Bank of \$22,755,000 and First Horizon Bank of \$22,755,000, bearing interest at an adjusted rate equal to the 30-day CME Term SOFR + 2.25 (7.57%) as of June 30, 2024. Monthly principal and interest payments on each loan of approximately \$33,000, with a balloon payment plus unpaid interest of \$19,376,287 due on December 21, 2025 on each loan.	\$ 44,372,614	\$ 45,175,476
Note payable dated March 4, 2016 to Hancock Whitney Bank for the construction of the Solomon Victory Theatre. The note bears interest at 5.00% payable in monthly principal and interest payments of \$22,154 and a balloon payment at the end of the note term. The note is cross collateralized by other loans at Hancock Whitney Bank. The note was extended on March 4, 2021 to March 4, 2026 with principal and interest payments of \$22,244 and a balloon payment of \$2,103,977 plus accrued interest due on March 4, 2026. The note was paid off in June 2024.	-	2,502,176
Note payable dated May 29, 2018 to Hancock Whitney Bank for the construction of a parking garage. The note bears interest at 5.00% payable in monthly principal and interest payments of \$26,278 and a balloon payment at the end of the note term. The note is secured by Museum property. The note was extended on April 15, 2019 to June 15, 2026 with principal and interest payments of \$26,278 and a balloon payment of \$3,403,655 plus accrued interest at June 15, 2026. The Museum made a principal payment of \$799,491 on June 29, 2020. The balloon payment to be made on June 15, 2026 is \$2,301,157 plus accrued interest. The note is subject to an annual mandatory repayment of 60% of the parking garage net cash flow for the prior fiscal year. The note was paid off in June 2024.	-	2,838,552
Development incentive note, dated August 25, 2017 to Hilton Franchise Holding, LLC for the development of the Hotel. The note bears no interest. 1/20th of principal is forgiven on each anniversary of the Hotel's opening if terms as described in Note 8 are met.	1,040,000	1,105,000
	<b>45,412,614</b>	51,621,204
Less: Deferred Financing Costs, Net	<b>(67,890)</b>	(113,150)
<b>Total</b>	<b>\$ 45,344,724</b>	<b>\$ 51,508,054</b>

Interest expense on notes payable totaled \$3,170,129 and \$3,231,991 for the years ended June 30, 2024 and 2023, respectively.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 9. Notes Payable (Continued)

Aggregate maturities of long-term debt are as follows:

Year Ended June 30,	Amount
2025	\$ 867,862
2026	43,634,752
2027	65,000
2028	65,000
2029	65,000
Thereafter	715,000
<b>Total</b>	<b>\$ 45,412,614</b>

### Note 10. Governing Board Designations

Governing Board designations consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Endowment Purposes	\$ 25,994,455	\$ 18,995,765
Operating Reserve	15,078,128	16,637,574
Capital Maintenance Reserve	16,052,267	10,142,222
Higgins Reserve Fund	4,393,279	3,350,053
Capital Improvements Reserve	1,144,501	1,089,321
New Ventures Fund	776,816	738,852
<b>Total</b>	<b>\$ 63,439,446</b>	<b>\$ 50,953,787</b>

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for specific purposes, designated subsequent periods, or perpetually. Cash, investments, and unconditional promises to give raised through the Capital Campaign are restricted for the acquisition of property and equipment and campaign expenses. Those restrictions are considered to expire when payments are made. Promises to give received from other donors are time-restricted for subsequent periods.

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2024 and 2023:

	2024	2023
Subject to Expenditure for a Specified Purpose		
Capital Construction - State of Louisiana	\$ 9,178,346	\$ 5,768,178
Operating and Event Support	6,190,421	5,214,530
Acquisition of Property and Equipment - Capital Campaign	5,876,045	17,180,022
Institute for the Study of War and Democracy	5,041,330	5,218,977
Exhibits	1,206,801	2,720,367
Education	1,049,131	3,740,620
Curatorial Services	464,140	556,152
Student Travel	-	140,795
Media and Education Center	34,462	31,771
	<hr/>	<hr/>
Total Subject to Expenditure for a Specified Purpose	29,040,676	40,571,412
Subject to Museum Spending Policy and Appropriation		
Funds Held in Perpetuity	26,638,446	25,771,611
Accumulated Earnings	1,113,356	3,323,780
	<hr/>	<hr/>
Total Donor Restricted Endowment	27,751,802	29,095,391
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 56,792,478</b>	<b>\$ 69,666,803</b>

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 12. Donor and Board Designated Endowment

*The Endowments.* The Museum has a general endowment consisting of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment. In addition to the Museum's general endowment, the Museum has the following named endowments:

- George Schultz Lecture Series Endowment
- Selley Foundation Special Exhibits and Collections Fund
- The Raymond E. Mason Jr. Distinguished Lecture Series on WWII
- Samuel Zemurray Stone Senior Director of History & Research
- Mr. and Mrs. Thomas B. Coleman Endowment
- Ferdinand Levy & Leo Levy Memorial Endowment Education Fund
- Baptist Community Ministries - Faith in Wartime Education
- Mueller Fellows Endowment Fund for Normandy Academy Scholarships
- John R. Whitman Normandy Scholars Fund
- The Jack C. Taylor Education Endowment
- Bob & Dolores Hope Director of Entertainment Endowment
- Bob & Dolores Hope Educational Endowment
- Walter D. Ehlers Normandy Scholars Endowment
- Noel & Irene McDonald Normandy Scholars Endowment
- Dr. Hal Baumgarten D-Day Commemoration
- Chuck & Amy Newhall Charitable Fund Education Endowment
- The Taube Family Fund for Holocaust Education
- Mark Rubin Family Endowment for Holocaust
- Monuments Men Restricted Endowment Fund
- Warner Lusardi General Education Endowment
- Jules Vernon Normandy Scholars
- Sanderson Leadership Center Endowment

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor imposed restrictions.

*Interpretation of Relevant Law.* The Museum is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time or purpose restricted until the Board of Trustees appropriates such amounts for expenditure.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 12. Donor and Board Designated Endowment (Continued)

The Board of Trustees has interpreted SPMIFA as requiring the preservation of the fair value of an original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Museum classifies the following amounts as restricted net assets in the accompanying consolidated financial statements:

- the original value of gifts donated to the endowment;
- the original value of subsequent gifts to the endowment; and
- accumulations to the endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with SPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and the preservation of the fund;
- the purposes of the Museum and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Museum;
- the investment policies of the Museum.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 27,751,751	\$ 27,751,751
Board-Designated Funds	25,994,454	-	25,994,454
<b>Total Funds</b>	<b>\$ 25,994,454</b>	<b>\$ 27,751,751</b>	<b>\$ 53,746,205</b>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 29,095,391	\$ 29,095,391
Board-Designated Funds	18,995,765	-	18,995,765
<b>Total Funds</b>	<b>\$ 18,995,765</b>	<b>\$ 29,095,391</b>	<b>\$ 48,091,156</b>

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 12. Donor and Board Designated Endowment (Continued)

Changes in endowment net assets for the years ending June 30, 2024 and 2023 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 18,995,765	\$ 29,095,391	\$ 48,091,156
Contributions	545,826	591,312	1,137,138
Investment Income, Net	6,452,863	(1,562,918)	4,889,945
Endowment Expended	(372,034)	-	(372,034)
Endowment Net Assets, Reclassified from Restriction	372,034	(372,034)	-
<b>Endowment Net Assets, End of Year</b>	<b>\$ 25,994,454</b>	<b>\$ 27,751,751</b>	<b>\$ 53,746,205</b>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 12,246,495	\$ 29,995,116	\$ 42,241,611
Contributions	1,019,388	457,759	1,477,147
Investment Income, Net	5,729,882	(990,666)	4,739,216
Endowment Expended	(366,818)	-	(366,818)
Endowment Net Assets, Reclassified from Restriction	366,818	(366,818)	-
<b>Endowment Net Assets, End of Year</b>	<b>\$ 18,995,765</b>	<b>\$ 29,095,391</b>	<b>\$ 48,091,156</b>

*Funds with Deficiencies.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Museum to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024 and 2023.

*Return Objectives and Risk Parameters.* The Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that must be held in perpetuity as well as board designated funds. Under this policy, the Permanent Endowment Fund should be invested primarily to achieve growth of capital and generation of income. Recommendations regarding the investment of the balance in the Permanent Endowment Fund shall be made by the Investment Committee to the Treasurer, President, and Chief Financial Officer. The Committee shall consider an appropriate and balanced portfolio of equity and fixed income investments, and other investments as may be deemed consistent with the investment objectives of the Fund by the Board of Trustees.

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 12. Donor and Board Designated Endowment (Continued)

*Spending Policy and How Investment Objectives Relate to the Spending Policy.* A projected income from the Permanent Endowment Fund shall be budgeted to the general support of ongoing Museum operations or such other purpose as the Board of Trustees shall deem appropriate. This percentage and the asset base to which it applies shall be determined by the Investment Committee, incorporated in the annual budget determined by the Finance Committee, and ratified by vote of the Board of Trustees. This spending policy shall conform to generally accepted endowment management policies. Spending of the approved funds shall be authorized by the President.

#### Note 13. Grants

The State of Louisiana has provided capital appropriations through Cooperative Endeavor Agreements with The National World War II Museum, Inc. in the total amount of \$98,500,000. The State awards are restricted for the planning and construction of buildings needed for the expansion program. For the years ended June 30, 2024 and 2023, the Museum recognized revenue under this grant in the amount of \$9,178,346 and \$5,768,178, respectively.

For years ended June 30, 2024 and 2023, the Museum also recognized \$5,547,050 and \$8,753,442, respectively, of grant revenues from private sources, federal, and other sources.

#### Note 14. Functional Allocation of Expenses

Most of the expenses can be directly allocated to one of the programs or supporting services. The consolidated financial statements also report certain categories of expenses that are attributable to more than one program or supporting service. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include human resources, credit card fees, insurance expense, President's office, development and donor relations, capital campaign, fundraising events, and membership and direct mail. Credit card fees are allocated based on actual income from program revenue and fundraising revenue paid by credit cards. Insurance expenses are allocated using 80% of property insurance premiums and 60% of general liability insurance premiums to program expense and the remainder to general and administrative expense. This allocation is based on estimated insurance coverage by departments. The President's office expenses are allocated evenly between fundraising, administrative and programming, based on estimates of time and effort. Development, fundraising events, and capital campaign salaries, benefits, and travel expenses are allocated based on estimates of time and effort. Membership and direct mail expenses are allocated 60% to fundraising, 20% to program, and 20% to general and administrative expenses.

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 15. Fair Value of Financial Instruments

The Museum follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those which market participants would use in pricing the investment based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical investments that the Museum has the ability to access at the measurement date;
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Museum considers observable data to be market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the fair value hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Museum's perceived risk of that instrument.

Investments measured using the net asset value per share (or its equivalent) practical expedient are not classified in the fair value hierarchy.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 15. Fair Value of Financial Instruments (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2024 and 2023.

*Fixed Income Funds, Domestic Equity Funds, and International Equity Funds:* The Museum uses the market approach for valuing these funds which are within Level 1 of the fair value hierarchy. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

*Real Asset Funds:* Valued at quoted market prices, which represent the NAV per unit. These are included in Level 1 of the fair value hierarchy.

*Private Equity, Private Credit, and Marketable Alternatives:* Include limited partnership investments that are not publicly traded and are valued at the NAV as provided by fund managers as a practical expedient to estimate fair value. The limited partnership investments have not been categorized in the fair value hierarchy as they are measured at fair value using the NAV practical expedient. Due to the uncertainty of valuations, estimated fair market values may differ from values that would have been used had a ready market for the portfolio funds existed and the differences could be material to the consolidated financial statements. Investments in private equity are accounted for on a lagging basis. This approach allows for more accurate and finalized reporting of private equity returns, as valuations and financial results often take time to finalize.

*Interest Rate Swap Hedge:* The fair value is reported by the financial institution. It is based on prevailing market data and derived from proprietary models and reasonable estimates about relevant future market conditions.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 15. Fair Value of Financial Instruments (Continued)

The following tables set forth by level within the fair value hierarchy the Museum's investments and interest rate swap hedge as of June 30, 2024 and 2023:

Description	Quoted Prices in Active Markets Level 1	Other Observable Inputs Level 2	Unobservable Inputs Level 3	Fair Value As of June 30, 2024 Total
<b>Investments</b>				
Fixed Income Funds	\$ 5,358,672	\$ -	\$ -	\$ 5,358,672
Domestic Equity Funds	16,535,895	-	-	16,535,895
International Equity Funds	11,797,259	-	-	11,797,259
Real Asset Funds	3,597,951	-	-	3,597,951
<b>Total Investments in Fair Value Hierarchy</b>	<b>\$ 37,289,777</b>	<b>\$ -</b>	<b>\$ -</b>	<b>37,289,777</b>
<b>Alternative Investments Measured at NAV <sup>(1)</sup></b>				<b>16,303,612</b>
<b>Total Investments</b>				<b>\$ 53,593,389</b>
<b>Interest Rate Swap Hedge</b>				
Market-To-Market Valuation	\$ -	\$ 424,831	\$ -	\$ 424,831

Description	Quoted Prices in Active Markets Level 1	Other Observable Inputs Level 2	Unobservable Inputs Level 3	Fair Value As of June 30, 2023 Total
<b>Investments</b>				
Fixed Income Funds	\$ 4,001,454	\$ -	\$ -	\$ 4,001,454
Domestic Equity Funds	23,562,284	-	-	23,562,284
International Equity Funds	7,616,567	-	-	7,616,567
Real Asset Funds	1,876,599	-	-	1,876,599
<b>Total Investments in Fair Value Hierarchy</b>	<b>\$ 37,056,904</b>	<b>\$ -</b>	<b>\$ -</b>	<b>37,056,904</b>
<b>Alternative Investments Measured at NAV <sup>(1)</sup></b>				<b>10,439,186</b>
<b>Total Investments</b>				<b>\$ 47,496,090</b>
<b>Interest Rate Swap Hedge</b>				
Market-To-Market Valuation	\$ -	\$ 455,168	\$ -	\$ 455,168

(1) Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy and are presented here to reconcile to total investments.

As of June 30, 2024 and 2023, there were no assets measured at fair value on a non-recurring basis.

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 15. Fair Value of Financial Instruments (Continued)

The following summarizes the investments by major class where NAV is used to measure fair value:

<b>Alternative Investments</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>
Private Equity Funds <sup>(a)</sup>	\$ 7,490,600	\$ 3,173,170
Private Credit Funds <sup>(b)</sup>	5,917,575	\$ 1,483,945
Marketable Alternatives <sup>(c)</sup>	<u>2,895,437</u>	\$ -
<b>Total</b>	<u>\$ 16,303,612</u>	

(a) This category includes limited partnership investments in six private equity funds that seek to pursue capital appreciation by pursuing investment strategies through private security purchases, venture capital, or other means in various sectors including technology, media, and telecommunications among others.

(b) This category includes limited partnership investments in three direct lending funds that utilize private credit strategies, including intellectual property, real assets, financial assets and specialty lending as well as opportunistic credit and asset-based investments. These funds do not have redemption terms.

(c) This category includes an investment with a limited liability company focused on acquiring significant minority stakes in mid-sized companies with strong growth potential across various industries. The fund will seek to achieve its investment objective through investments in a diversified portfolio of hedge funds (the underlying funds) that, in the aggregate, are expected to offer better protection of capital during market drawdowns and provide portfolio level benefits of lower correlation to other traditional asset classes. The investment strategy involves the careful selection of managers of underlying funds.

#### Note 16. Liquidity and Availability

As part of the Museum's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, the Museum invests cash in excess of daily requirements in government obligations and money markets. Although the Museum does not intend to spend from its investment funds other than amounts appropriated for general expenditures, amounts from its investment funds could be made available, as necessary. The Museum also maintains a line of credit as described in Note 8 to meet short-term needs.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 16. Liquidity and Availability (Continued)

The following table represents financial assets available for general expenditures within one year as of June 30, 2024 and 2023:

	2024	2023
Financial Assets		
Cash and Cash Equivalents	\$ 79,589,599	\$ 62,330,621
Investments	53,593,389	47,496,090
Unconditional Promises to Give, Net	17,406,793	27,222,098
Other Receivables	2,680,723	2,502,174
ERTC Receivable	-	2,533,028
Reimbursement Due to Operating Cash for Expenditures on Donor Restricted Assets	5,368,239	5,715,642
	<u>158,638,743</u>	<u>147,799,653</u>
Financial Assets at Year End		
Less Those Unavailable for General Expenditure		
Within One Year Due to:		
Governing Board Designations	(63,439,446)	(50,953,787)
Donor Imposed Restrictions:		
Restricted by Donors with Purpose or Time Restrictions	(56,792,478)	(69,666,803)
Unconditional Promises to Give, Due in Greater Than One Year	(11,931,764)	(17,160,119)
	<u>(132,163,688)</u>	<u>(137,780,709)</u>
Total Financial Assets Unavailable for General Expenditure		
<b>Financial Assets at Year End Available to Meet Cash Needs for General Expenditures Within One Year</b>	<u>\$ 26,475,055</u>	<u>\$ 10,018,944</u>

### Note 17. Risks and Uncertainties

In general, investment securities are exposed to various risks, such as interest rate, currency, credit, and market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investments will occur in the near term and could materially affect the market value of investments held by the Museum.

The Museum is exposed to the impact of interest rate changes primarily through floating-rate borrowings that require it to make interest payments based on SOFR. Significant increases in interest rates could adversely affect operating margins, results of operations, and its ability to service debt. The Museum entered into an interest rate swap to reduce its exposure to market risk from changes in interest rates. The principal objective of this contract is to minimize the risks and costs associated with floating-rate debt.

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 18. Retirement Plans

The Museum adopted a defined contribution plan covering all of its employees who are age 18 and over, who have completed three months of service. The plan allows participants to contribute by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The plan allows the Museum to contribute a discretionary amount on a uniform basis to all participants. The Museum's contribution to the plan totaled \$422,341 and \$373,733 for the years ended June 30, 2024 and 2023, respectively.

Additionally, the Museum sponsors deferred compensation plans under Internal Revenue Code sections 457(f) for the benefit of highly compensated employees. The Museum's contributions to the plans totaled \$96,788 and \$112,500 for the years ended June 30, 2024 and 2023, respectively.

#### Note 19. Commitments

The Museum entered into an employment contract with an employee to serve as President and CEO effective July 1, 2021 through June 30, 2026, which provides for a minimum annual salary, and bonus at the sole discretion of the Museum Board of Trustees. The contract provides for retention bonuses provided the employee meets certain levels of performance. The total commitment (undiscounted) is \$530,000 for salary and \$75,000 for contributions to the deferred compensation plan.

The Museum has entered into a contract for the exhibit design of the Capital Expansion Project totaling approximately \$10,267,000. As of June 30, 2024, the Museum has incurred construction completed or in progress related to this architectural design contract totaling approximately \$10,067,000.

The Museum entered into a contract for construction of the Louisiana Pavilion New Entrance totaling approximately \$1,828,000. As of June 30, 2024, the Museum has incurred construction progress related to this project totaling approximately \$1,570,000.

The Museum entered into a contract for renovations to the building at 1040 Magazine Street totaling approximately \$4,124,000. As of June 30, 2024, the Museum has incurred construction in progress related to this project totaling approximately \$3,824,000.

The Museum entered into a contract for design of the Floyd Collection and Exhibit Support Center totaling approximately \$490,000. As of June 30, 2024, the Museum has incurred construction in progress related to this project totaling approximately \$113,000.

During the year ended June 30, 2024, World War II Theatre, Inc. entered into a contract for the Higgins Rooftop Bar Expansion totaling approximately \$445,000. As of June 30, 2024, the Museum has incurred construction in progress related to this contract totaling approximately \$50,900. The total project is estimated at \$850,000. As of June 30, 2024, World War II Theatre has incurred \$460,000.

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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### Note 19. Commitments (Continued)

During the year ended June 30, 2024, the Museum entered into a contract for the renovations to the parking garage offices totaling approximately \$1,367,000. As of June 30, 2024, the Museum has incurred construction in progress related to this project totaling approximately \$108,000.

### Note 20. Leases

The Museum leases certain real estate, air rights, and equipment under operating lease agreements that have initial terms ranging from 1 to 50 years. Some leases include one or more options to renew, generally at the Museum's sole discretion, with renewal terms that can extend the lease term up to 90 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Museum, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Museum will exercise that option. The Museum's operating lease generally do not contain any material restrictive covenants or residual value guarantees.

The Museum also leases equipment under a finance lease agreement with an initial term of 5 years and an interest rate of 2.84%. The Museum's finance leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended June 30, 2024 and 2023:

	2024	2023
Operating Lease Cost	\$ 214,957	\$ 200,656
Finance Lease Cost - Amortization of Right-of-Use Assets	15,018	15,018
Finance Lease Cost - Interest on Lease Liabilities	419	838
<b>Total Lease Cost</b>	<b>\$ 230,394</b>	<b>\$ 216,512</b>

# THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### Note 20. Leases (Continued)

Supplemental consolidated statement of financial position information related to leases is as follows as of June 30, 2024 and 2023:

	2024	2023
<b>Finance Leases:</b>		
Equipment	\$ 7,510	\$ 22,528
<b>Total Finance Lease Right-of-Use Assets, Net</b>	<b>\$ 7,510</b>	<b>\$ 22,528</b>
<b>Other Information:</b>		
Weighted Average Remaining Lease Term (in Years):		
Operating Leases	25.43	25.70
Finance Leases	0.50	1.51
Weighted Average Discount Rate:		
Operating Leases	3.14%	3.09%
Finance Leases	2.84%	2.84%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation of the lease liabilities recognized on the consolidated statement of financial position are as follows as of June 30, 2024:

Year Ending June 30,	Operating	Finance
2025	\$ 180,054	\$ 7,771
2026	91,250	-
2027	92,250	-
2028	95,596	-
2029	77,403	-
Thereafter	2,361,791	-
Total Lease Payments	2,898,344	7,771
Less: Imputed Interest	(1,102,713)	(47)
<b>Total Present Value of Lease Liabilities</b>	<b>\$ 1,795,631</b>	<b>\$ 7,724</b>

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 21. Licensing Agreements and Lessor Arrangements

On June 18, 2014, in preparation to enter into agreements to lease its restaurant, the Museum recorded with the Orleans Parish Clerk of Court an executed Declaration of Immobilization for the machinery, appliances, and equipment on its property used for food and beverage and catering activities to be deemed component parts of the buildings.

On June 18, 2014, the Museum entered into agreements to lease its restaurant space and to license certain designations, including design, trademarks, service marks, logographic, symbols, and other indicia of the Museum with Service America Corporation d/b/a Sodexo Live, beginning August 1, 2014.

Both the lease and licensing agreements will continue on a continuous seven year cycle beginning on August 1, 2015, provided Sodexo Live meets the Museum's visitor needs and expectations. For each contract year this goal is achieved, the lease is extended one year beyond the initial term (set to expire July 31, 2024). If Centerplate fails to meet the Museum's visitor needs and expectations in any two consecutive years, the Museum may terminate the lease.

The license fee is determined as a percentage of gross receipts, 17.5% of the first \$2,000,000 of gross receipts, 20% of the next \$500,000 of gross receipts, and 22.5% greater than \$2,500,000 of gross receipts. The maximum and minimum of each step-scale tier shall be adjusted by the percentage increase or decrease in the Consumer Price Index from the commencement date, August 1, 2014, on the first day of each contract year beginning with the fourth contract year.

Rent is determined as a percentage of gross receipts, 10% of the first \$3,000,000, 12.5% of the next \$500,000, and 15% greater than \$3,500,000. The maximum and minimum of each step-scale tier shall be adjusted by the percentage increase or decrease in the Consumer Price Index from the commencement date, August 1, 2014, on the first day of each contract year beginning with the fourth contract year. As consideration for this lease, Centerplate will invest up to \$750,000 in the premises on worthy food and beverage related projects.

#### Note 22. Related-Party Transactions

The Museum maintained certain cash and cash equivalents, investments and notes payable with an institution of which one Board Member is the President/CEO and another institution where the Board Member is a member of the executive team as of June 30, 2024 and 2023.

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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#### Note 23. Subsequent Events

In preparing the consolidated financial statements, the Museum's management has evaluated events and transactions for potential recognition or disclosure through November 13, 2024, the date on which the consolidated financial statements were available to be issued and determined that the following events occurred that require disclosure:

Subsequent to June 30, 2024, the Museum received notices of its involvement in two legal proceedings both of which arose in the normal course of business. The matters are in the early stages and are both subject to the Museum's insurance coverage. No liabilities have been recorded in the financial statements as of June 30, 2024.

No events occurring after November 13, 2024 have been evaluated for inclusion in these consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidating Schedule of Financial Position**  
**For the Year Ended June 30, 2024**

	<b>World War II Theatre, Inc., Owner of Higgins Hotel and Conference Center</b>	<b>The National World War II Museum (*)</b>	<b>Consolidated Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 6,665,829	\$ 72,770,950	\$ 79,436,779
Unconditional Promises to Give			
Capital Campaign, Net of Allowances	-	7,826,455	7,826,455
Endowment, Net of Allowances	-	2,051,790	2,051,790
Other, Net of Allowances	877,775	6,650,773	7,528,548
Retail Store Inventory	153,047	1,132,944	1,285,991
Other Assets	552,808	5,236,818	5,789,626
Endowment Assets			
Cash and Cash Equivalents - Restricted	-	152,820	152,820
Investments	-	53,593,389	53,593,389
Property and Equipment, Net of Accumulated Depreciation	56,453,700	234,292,526	290,746,226
Collections	-	14,718,064	14,718,064
Interest Rate Swap Asset	424,831	-	424,831
Right-of-Use Assets - Operating Leases, Net	-	1,753,983	1,753,983
Right-of-Use Assets - Finance Leases, Net	7,510	-	7,510
<b>Total Assets</b>	<b>\$ 65,135,500</b>	<b>\$ 400,180,512</b>	<b>\$ 465,316,012</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable Trade	\$ 230,712	985,964	\$ 1,216,676
Due to (from) National World War II Museum	2,066,491	(2,066,491)	-
Accrued Expenses	951,367	4,066,683	5,018,050
Unearned Revenue and Deposits	725,064	6,824,060	7,549,124
Taxes Payable	158,987	116,613	275,600
Other Liabilities	-	1,060,753	1,060,753
Notes Payable, Net	45,344,724	-	45,344,724
Lease Liability - Operating Leases	-	1,795,631	1,795,631
Lease Liability - Finance Leases	7,724	-	7,724
<b>Total Liabilities</b>	<b>49,485,069</b>	<b>12,783,213</b>	<b>62,268,282</b>
<b>Net Assets</b>	<b>15,650,431</b>	<b>387,397,299</b>	<b>403,047,730</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 65,135,500</b>	<b>\$ 400,180,512</b>	<b>\$ 465,316,012</b>

\*Includes The National World War II Museum, Inc., Chalk #17, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc. and PT-305 Excursions, L.L.C.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidating Schedule of Financial Position**  
**For the Year Ended June 30, 2023**

	World War II Theatre, Inc., Owner of Higgins Hotel and Conference Center		The National World War II Museum (*)	Consolidated Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 5,534,504	\$ 56,201,051	\$ 61,735,555	
Unconditional Promises to Give				
Capital Campaign, Net of Allowances	-	17,180,023	17,180,023	
Endowment, Net of Allowances	-	2,907,503	2,907,503	
Other, Net of Allowances	1,020,000	6,114,572	7,134,572	
ERTC Receivable	-	2,533,028	2,533,028	
Retail Store Inventory	159,181	939,327	1,098,508	
Other Assets	1,467,860	6,199,551	7,667,411	
Endowment Assets				
Cash and Cash Equivalents - Restricted	-	595,066	595,066	
Investments	-	47,496,090	47,496,090	
Property and Equipment, Net of Accumulated Depreciation	58,520,544	232,898,802	291,419,346	
Collections	-	14,629,725	14,629,725	
Interest Rate Swap Asset	455,168	-	455,168	
Right-of-Use Assets - Operating Leases, Net	-	1,841,631	1,841,631	
Right-of-Use Assets - Finance Leases, Net	22,528	-	22,528	
<b>Total Assets</b>	<b>\$ 67,179,785</b>	<b>\$ 389,536,369</b>	<b>\$ 456,716,154</b>	
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts Payable Trade	\$ 621,086	2,511,843	\$ 3,132,929	
Due to (from) National World War II Museum	2,068,091	(2,068,091)	-	
Accrued Expenses	1,225,119	5,013,106	6,238,225	
Unearned Revenue and Deposits	575,227	7,627,381	8,202,608	
Taxes Payable	256,842	104,069	360,911	
Other Liabilities	-	1,049,628	1,049,628	
Notes Payable, Net	46,167,326	5,340,728	51,508,054	
Lease Liability - Operating Leases	-	1,855,611	1,855,611	
Lease Liability - Finance Leases	22,844	-	22,844	
<b>Total Liabilities</b>	<b>50,936,535</b>	<b>21,434,275</b>	<b>72,370,810</b>	
<b>Net Assets</b>	<b>16,243,250</b>	<b>368,102,094</b>	<b>384,345,344</b>	
<b>Total Liabilities and Net Assets</b>	<b>\$ 67,179,785</b>	<b>\$ 389,536,369</b>	<b>\$ 456,716,154</b>	

\*Includes The National World War II Museum, Inc., Chalk #17, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc. and PT-305 Excursions, L.L.C.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidating Schedule of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

	<b>World War II Theatre, Inc., Owner of Higgins Hotel and Conference Center</b>	<b>The National World War II Museum (*)</b>	<b>2024 Total</b>
<b>Revenue and Other Support</b>			
Operating Revenue	\$ 20,156,365	\$ 59,044,686	\$ 79,201,051
Financial Contributions and Grants	416,250	37,261,072	37,677,322
In-Kind Contributions	-	276,290	276,290
Net Return on Investments	-	7,327,720	7,327,720
Hilton Franchise Debt Forgiveness	65,000	-	65,000
<b>Total Revenue and Other Support</b>	<b>20,637,615</b>	<b>103,909,768</b>	<b>124,547,383</b>
<b>Expenses</b>	<b>21,200,096</b>	<b>84,614,563</b>	<b>105,814,659</b>
<b>Changes in Net Assets Before Change in Liability on Interest Rate Swap Agreement</b>	<b>(562,481)</b>	<b>19,295,205</b>	<b>18,732,724</b>
Change in Liability on Interest Rate Swap Agreement	(30,338)	-	(30,338)
<b>Change in Net Assets</b>	<b>(592,819)</b>	<b>19,295,205</b>	<b>18,702,386</b>
<b>Net Assets, Beginning of Year</b>	<b>16,243,250</b>	<b>368,102,094</b>	<b>384,345,344</b>
<b>Net Assets, End of Year</b>	<b>\$ 15,650,431</b>	<b>\$ 387,397,299</b>	<b>\$ 403,047,730</b>

\*Includes The National World War II Museum, Inc., Chalk #17, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc. and PT-305 Excursions, L.L.C.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidating Schedule of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2023**

	<b>World War II Theatre, Inc., Owner of Higgins Hotel and Conference Center</b>	<b>The National World War II Museum (*)</b>	<b>2023 Total</b>
<b>Revenue and Other Support</b>			
Operating Revenue	\$ 19,987,122	\$ 46,060,536	\$ 66,047,658
Financial Contributions and Grants	1,047,100	36,505,997	37,553,097
In-Kind Contributions	-	141,648	141,648
Net Return on Investments	-	6,027,050	6,027,050
Hilton Franchise Debt Forgiveness	65,000	-	65,000
Investment Tax Credit Revenue	1,344,312	-	1,344,312
<b>Total Revenue and Other Support</b>	<b>22,443,534</b>	<b>88,735,231</b>	<b>111,178,765</b>
<b>Expenses</b>	<b>21,789,054</b>	<b>68,253,278</b>	<b>90,042,332</b>
<b>Changes in Net Assets Before Change in Liability on Interest Rate Swap Agreement</b>			
Change in Liability on Interest Rate Swap Agreement	654,480	20,481,953	21,136,433
	510,541	-	510,541
<b>Change in Net Assets</b>	<b>1,165,021</b>	<b>20,481,953</b>	<b>21,646,974</b>
<b>Net Assets, Beginning of Year</b>	<b>17,067,379</b>	<b>345,630,991</b>	<b>362,698,370</b>
<b>Capital Contributions</b>	<b>(1,989,150)</b>	<b>1,989,150</b>	<b>-</b>
<b>Net Assets, End of Year</b>	<b>\$ 16,243,250</b>	<b>\$ 368,102,094</b>	<b>\$ 384,345,344</b>

\*Includes The National World War II Museum, Inc., Chalk #17, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc. and PT-305 Excursions, L.L.C.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidating Schedule of Expenses**  
**For the Year Ended June 30, 2024**

	World War II Theatre, Inc., Owner of Higgins		
	Hotel and Conference Center	The National World War II Museum	2024 Total
Advertising	\$ -	\$ 2,651,524	\$ 2,651,524
Capital and Bad Debt Expense	-	11,613	11,613
Cost of Goods Sold	-	2,483,973	2,483,973
Depreciation and Amortization	2,653,646	12,722,630	15,376,276
Educational Travel Program Expense	-	13,731,425	13,731,425
Hotel Operating Expense			
Direct Cost	7,133,245	-	7,133,245
Indirect Cost	6,131,529	-	6,131,529
Fixed Cost	946,695	-	946,695
Management Fees	499,714	-	499,714
Insurance Expense	2,601	2,941,879	2,944,480
Intercompany Transfers	595,503	(595,503)	-
Interest Expense	2,950,367	265,022	3,215,389
Marketing Expense	-	696,760	696,760
Meeting, Events, and Conferences Expense	-	4,362,236	4,362,236
Office Supplies	7,290	1,218,707	1,225,997
Other Operating Expense	1,286	2,894,679	2,895,965
Other Personnel Costs	-	155,567	155,567
Other Program Expense	-	1,317,007	1,317,007
Payroll Taxes and Benefits	-	3,967,428	3,967,428
Printing and Postage Expense	-	4,819,245	4,819,245
Professional Services	252,470	2,764,704	3,017,174
Repair and Maintenance	2,000	3,791,135	3,793,135
Salaries	-	21,527,517	21,527,517
Staff and Volunteer Expenses	23,750	776,321	800,071
Staff Travel	-	573,900	573,900
Telephone Expense	-	83,469	83,469
Utilities	-	1,453,325	1,453,325
<b>Total Expenses</b>	<b>\$ 21,200,096</b>	<b>\$ 84,614,563</b>	<b>\$ 105,814,659</b>

\*Includes The National World War II Museum, Inc., Chalk #17, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc. and PT-305 Excursions, L.L.C.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Consolidating Schedule of Expenses**  
**For the Year Ended June 30, 2023**

	World War II Theatre, Inc., Owner of Higgins		
	Hotel and Conference Center	The National World War II Museum	2023 Total
Advertising	\$ -	\$ 2,941,995	\$ 2,941,995
Capital and Bad Debt Expense	-	33,507	33,507
Cost of Goods Sold	-	2,287,393	2,287,393
Depreciation and Amortization	2,576,454	10,896,363	13,472,817
Educational Travel Program Expense	-	6,351,045	6,351,045
Hotel Operating Expense			
Direct Cost	8,110,857	-	8,110,857
Indirect Cost	5,342,936	-	5,342,936
Fixed Cost	1,184,977	-	1,184,977
Management Fees	500,010	-	500,010
Insurance Expense	4,738	2,282,680	2,287,418
Intercompany Transfers	515,493	(515,493)	-
Interest Expense	2,975,058	280,401	3,255,459
Marketing Expense	-	916,962	916,962
Meeting, Events, and Conferences Expense	-	1,302,449	1,302,449
Office Supplies	3,042	1,430,145	1,433,187
Other Operating Expense	1,125	2,775,294	2,776,419
Other Personnel Costs	-	277,293	277,293
Other Program Expense	-	887,184	887,184
Payroll Taxes and Benefits	-	3,352,460	3,352,460
Printing and Postage Expense	-	5,717,906	5,717,906
Professional Services	555,654	3,296,336	3,851,990
Repair and Maintenance	1,615	1,926,684	1,928,299
Salaries	-	19,085,866	19,085,866
Staff and Volunteer Expenses	17,095	770,982	788,077
Staff Travel	-	474,579	474,579
Telephone Expense	-	117,742	117,742
Utilities	-	1,363,505	1,363,505
<b>Total Expenses</b>	<b>\$ 21,789,054</b>	<b>\$ 68,253,278</b>	<b>\$ 90,042,332</b>

\*Includes The National World War II Museum, Inc., Chalk #17, Inc., World War II Pavilions, Inc., World War II Campaigns, Inc. and PT-305 Excursions, L.L.C.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Schedule of Compensation, Benefits, and Other Payments to**  
**Agency Head or Chief Executive Officer**  
**For the Year Ended June 30, 2024**

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**Agency Head Name**

Stephen Watson, President and Chief Executive Officer

<b>Purpose</b>	<b>Amount</b>
Salary and Bonus	\$751,580
Benefits-Insurance	\$17,427
Benefits-Retirement	\$9,699
Car Allowance	\$14,400
Gas	\$0
Cell Phone	\$0
Dues and Registration Fees	\$0
Reimbursements	\$0
Travel	\$0
Travel - Conference	\$0
Special Meals	\$0
Other	\$0

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors of  
The National World War II Museum, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of The National World War II Museum, Inc. and Subsidiaries (a nonprofit organization) (the Museum) which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 13, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Museum's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
November 13, 2024

**REPORT ON COMPLIANCE FOR THE MAJOR  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors of  
The National World War II Museum, Inc. and Subsidiaries

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited The National World War II Museum, Inc. and Subsidiaries' (a nonprofit organization) (the Museum) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Museum's major federal program for the year ended June 30, 2024. The Museum's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Museum complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

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

We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Museum's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Museum's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Museum's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Museum's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Museum's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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

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

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



A Professional Accounting Corporation

Metairie, LA  
November 13, 2024

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

<b>Federal Grantor or Pass-Trough Grantor and Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Army Corps of Engineers</b>				
Passed through Ohio State University Legacy Resource Management Program	12.632	W9128F-16-2-0014	\$ -	\$ 26,009
<b>U.S. Department of Education</b>				
Innovative Approaches to Literacy, Full-Service Community Schools, and Promise Neighborhoods	84.215K	n/a	\$ -	\$ 926,346
<b>Total</b>			<b>\$ -</b>	<b>\$ 952,355</b>

## THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES

### Notes to Schedule of Expenditures of Federal Awards

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of The National World War II Museum, Inc. and Subsidiaries (the Museum) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Museum, it is not intended to and does not present the financial position, changes in net assets, or cash flow of the Museum.

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. De Minimus Cost Rate**

During the year ended June 30, 2024, the Museum elected to use the 10% de minimus cost rate as covered in section 200.414 of the Uniform Guidance.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**Part I - Summary of Auditor's Results**

**Financial Statement Section**

1. Type of auditor's report	Unmodified
2. Compliance and internal control over financial reporting	
a. Material weaknesses identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None
c. Noncompliance noted?	None

**Federal Awards Section**

3. Type of auditor's report issued on compliance for major programs	Unmodified
4. Internal control over major programs	
a. Material weaknesses identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None
5. Audit findings disclosed that are required in accordance with the Uniform Guidance	None
6. Identification of major programs	
84.215K - Innovative Approaches to Literacy, Full-Service Community Schools, and Promise Neighborhoods	
7. Dollar threshold used to distinguish between Type A and B programs	\$750,000
8. Auditee qualified as a low-risk auditee under the Uniform Guidance	No

**Part II - Financial Statement Findings Section**

None.

**Part III - Federal Award Findings and Questioned Costs Section**

None.

**THE NATIONAL WORLD WAR II MUSEUM, INC. AND SUBSIDIARIES**  
**Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2024**

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**Part I - Financial Statement Findings Section**

None.

**Part II - Federal Award Findings and Questioned Costs Section**

None.

## **AGREED-UPON PROCEDURES REPORT**

The National World War II Museum, Inc.

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period July 1, 2023 - June 30, 2024**

To the Board of Directors  
The National World War II Museum, Inc. and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The National World War II Museum, Inc. (the Museum) management is responsible for those C/C areas identified in the SAUPs.

The National World War II Museum, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### **1) *Written Policies and Procedures***

---

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - iii. ***Disbursements***, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were noted as a result of performing these procedures.

## **2) Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on all proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** No exceptions were noted as a result of performing these procedures.

### **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were noted as a result of performing these procedures.

### **4) Collections (excluding electronic funds transfers )**

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- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees that are responsible for cash collections do not share cash drawers/ registers.
  - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits, and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

**Not applicable.**

**5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
  - ii. At least two employees are involved in processing and approving payments to vendors.
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - v. Only employee/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: if no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** No exceptions were noted as a result of performing these procedures.

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials (such as the mayor of a Lawrason Act municipality), should not be reported.
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were noted as a result of performing these procedures.

## **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

---

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policy and Procedures (procedure #1A(vii)).
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Not applicable.**

## **8) Contracts**

---

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions were noted as a result of performing these procedures.

## **9) Payroll and Personnel**

---

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were noted as a result of performing these procedures.

## **10) Ethics**

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
  - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Not applicable.**

## **11) Debt Service**

---

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Not applicable.**

## ***12) Fraud Notice***

---

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were noted as a result of performing these procedures.

## ***13) Information Technology Disaster Recovery/Business Continuity***

---

- A. Perform the following procedures, verbally discuss the results with management, and report: "We performed the procedures and discussed the results with management."
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
  - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment

**Results:** We performed the procedures and discussed the results with management.

#### ***14) Prevention of Sexual Harassment***

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Not applicable.**

We were engaged by The National World War II Museum, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of The National World War II Museum, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
November 13, 2024