SAN DIEGO
Automotive
MUSEUM

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

SAN DIEGO AUTOMOTIVE MUSEUM, INC.
FINANCIAL STATEMENTS
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Independent Auditor's Report

To the Board of Directors
San Diego Automotive Museum, Inc.

Opinion

We have audited the accompanying financial statements of San Diego Automotive Museum, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Automotive Museum, Inc. 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. 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 San Diego Automotive Museum, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Diego Automotive Museum, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Automotive Museum, Inc.'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.

Leaf & Cole LLP

San Diego, California
May 5, 2025

SAN DIEGO AUTOMOTIVE MUSEUM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Current Assets: (Notes 2, 4 and 5)		
Cash and cash equivalents	$ 1,522,765	$ 1,172,087
Accounts receivable	55,763	42,466
Contributions receivable	250,000	575,000
Investments	515,027	-
Inventories	713,741	666,312
Prepaid expenses	405,811	171,782
Total Current Assets	3,463,107	2,627,647
Noncurrent Assets: (Notes 2, 5, 6 and 8)		
Contributions receivable, net	48,645	95,972
Property and equipment, net	2,081,785	2,144,581
Collection	1,433,872	1,305,688
Total Noncurrent Assets	3,564,302	3,546,241
TOTAL ASSETS	$ 7,027,409	$ 6,173,888

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities: (Notes 2 and 8)		
Accounts payable and accrued expenses	$ 241,386	$ 286,870
Deferred revenue	142,756	154,850
Current portion of note payable	12,550	12,153
Total Current Liabilities	396,692	453,873
Noncurrent Liabilities: (Note 8)		
Note payable, net of current portion	403,413	418,090
Total Liabilities	800,105	871,963
Commitments and Contingency (Notes 7, 9 and 11)		
Net Assets: (Note 2 and 10)		
Without donor restrictions	5,228,659	3,214,893
With donor restrictions	998,645	2,087,032
Total Net Assets	6,227,304	5,301,925
TOTAL LIABILITIES AND NET ASSETS	$ 7,027,409	$ 6,173,888

The accompanying notes are an integral part of the financial statements.

SAN DIEGO AUTOMOTIVE MUSEUM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Gain/(loss) on sale of property and equipment	$ 1,347,023	$ -	$ 1,347,023	$ (56,302)	$ -	$ (56,302)
Admissions	776,457	-	776,457	714,469	-	714,469
Contributions and grants	700,686	64,456	765,142	166,545	1,320,972	1,487,517
Special events, net of direct expenses of $81,712 and $130,607, respectively	553,418	-	553,418	816,362	-	816,362
Museum store sales	157,368	-	157,368	119,643	-	119,643
In-kind contributions	153,207	-	153,207	592,875	-	592,875
Governmental grants	112,622	-	112,622	85,481	-	85,481
Interest Income	68,022	-	68,022	307	-	307
Education	50,375	-	50,375	-	-	-
Vehicle and parts sales, net	41,550	-	41,550	-	-	-
Memberships	17,075	-	17,075	47,263	-	47,263
Other income	11,435	-	11,435	4,194	-	4,194
Facility rental income	8,975	-	8,975	9,801	-	9,801
Net assets released from restrictions	1,152,843	(1,152,843)	-	97,500	(97,500)	-
Total Revenue and Support	5,151,056	(1,088,387)	4,062,669	2,598,138	1,223,472	3,821,610
Expenses:						
Program Expenses:						
Program and exhibits	1,865,217	-	1,865,217	1,608,961	-	1,608,961
Education	410,607	-	410,607	286,521	-	286,521
Total Program Expenses	2,275,824	-	2,275,824	1,895,482	-	1,895,482
Supporting Services:						
General and administrative	321,156	-	321,156	124,292	-	124,292
Fundraising	540,310	-	540,310	492,526	-	492,526
Total Supporting Services	861,466	-	861,466	616,818	-	616,818
Total Expenses	3,137,290	-	3,137,290	2,512,300	-	2,512,300
Change in Net Assets	2,013,766	(1,088,387)	925,379	85,838	1,223,472	1,309,310
Net Assets at Beginning of Year	3,214,893	2,087,032	5,301,925	3,129,055	863,560	3,992,615
NET ASSETS AT END OF YEAR	$ 5,228,659	$ 998,645	$ 6,227,304	$ 3,214,893	$ 2,087,032	$ 5,301,925

The accompanying notes are an integral part of the financial statements.

SAN DIEGO AUTOMOTIVE MUSEUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Expenses			Supporting Services			
	Programs and Exhibits	Education	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries and Related Expenses:							
Salaries and wages	$ 590,937	$ 90,306	$ 681,243	$ 15,250	$ 198,806	$ 214,056	$ 895,299
Payroll taxes and related costs	50,780	8,688	59,468	968	16,810	17,778	77,246
Employee benefits	24,498	4,760	29,258	67,937	11,862	79,799	109,057
Total Salaries and Related Expenses	666,215	103,754	769,969	84,155	227,478	311,633	1,081,602
Nonsalary Related Expenses:							
Advertising and marketing	86,410	39,600	126,010	19,931	20,974	40,905	166,915
Automobile costs and repairs	104,113	-	104,113	5,500	3,940	9,440	113,553
Bad debt	-	-	-	-	26,360	26,360	26,360
Building repairs and maintenance	44,032	-	44,032	16,577	102	16,679	60,711
Cost of automobile sales	10,000	-	10,000	-	-	-	10,000
Cost of museum store sales	141,501	-	141,501	-	-	-	141,501
Exhibit and event costs	214,826	191,737	406,563	8,630	98,050	106,680	513,243
Fees and other charges	21,999	2,987	24,986	18,734	11,835	30,569	55,555
Insurance	52,290	7,935	60,225	858	17,567	18,425	78,650
Interest	7,916	1,201	9,117	130	2,659	2,789	11,906
Licenses and fees	4,859	737	5,596	80	1,632	1,712	7,308
Miscellaneous	701	22	723	32,505	2,087	34,592	35,315
Postage and delivery	37	142	179	3,147	462	3,609	3,788
Professional fees	264,431	31,189	295,620	5,279	72,115	77,394	373,014
Rent	36,000	-	36,000	60,000	-	60,000	96,000
Staff development	367	-	367	25,319	-	25,319	25,686
Security	5,197	-	5,197	2,035	-	2,035	7,232
Supplies	121,100	18,061	139,161	12,058	24,115	36,173	175,334
Telephone	4,074	-	4,074	4,887	-	4,887	8,961
Travel and entertainment	7,825	237	8,062	7,539	11,232	18,771	26,833
Utilities	17,130	-	17,130	3,620	-	3,620	20,750
Total Nonsalary Related Expenses	1,144,808	293,848	1,438,656	226,829	293,130	519,959	1,958,615
Add: Depreciation	54,194	13,005	67,199	10,172	19,702	29,874	97,073
Total Expenses	$ 1,865,217	$ 410,607	$ 2,275,824	$ 321,156	$ 540,310	$ 861,466	$ 3,137,290

The accompanying notes are an integral part of the financial statements.

SAN DIEGO AUTOMOTIVE MUSEUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Expenses			Supporting Services			
	Programs and Exhibits	Education	Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries and Related Expenses:							
Salaries and wages	$ 594,662	$ 74,833	$ 669,495	$ 16,190	$ 142,580	$ 158,770	$ 828,265
Payroll taxes and related costs	48,116	6,480	54,596	2,905	11,674	14,579	69,175
Employee benefits	23,325	5,239	28,564	50,348	2,396	52,744	81,308
Total Salaries and Related Expenses	666,103	86,552	752,655	69,443	156,650	226,093	978,748
Nonsalary Related Expenses:							
Advertising and marketing	107,354	5,025	112,379	-	13,516	13,516	125,895
Automobile costs and repairs	109,534	-	109,534	-	-	-	109,534
Building repairs and maintenance	33,800	50	33,850	2,197	84	2,281	36,131
Cost of museum store sales	61,538	-	61,538	-	-	-	61,538
Exhibit and event costs	174,911	154,713	329,624	14,233	99,424	113,657	443,281
Fees and other charges	8,632	340	8,972	18,684	15,728	34,412	43,384
Insurance	46,664	5,833	52,497	1,296	11,018	12,314	64,811
Interest	9,761	1,087	10,848	242	2,052	2,294	13,142
Licenses and fees	4,553	469	5,022	904	915	1,819	6,841
Miscellaneous	932	119	1,051	3,011	11,468	14,479	15,530
Postage and delivery	645	28	673	2,612	3,493	6,105	6,778
Professional fees	159,174	8,175	167,349	3,621	140,539	144,160	311,509
Staff development	425	-	425	2,068	85	2,153	2,578
Security	8,471	-	8,471	-	-	-	8,471
Supplies	112,667	7,558	120,225	1,062	23,068	24,130	144,355
Telephone	11,594	-	11,594	2,605	-	2,605	14,199
Travel and entertainment	19,416	9,261	28,677	689	677	1,366	30,043
Utilities	17,619	-	17,619	-	-	-	17,619
Total Nonsalary Related Expenses	887,690	192,658	1,080,348	53,224	322,067	375,291	1,455,639
Add: Depreciation	55,168	7,311	62,479	1,625	13,809	15,434	77,913
Total Expenses	$ 1,608,961	$ 286,521	$ 1,895,482	$ 124,292	$ 492,526	$ 616,818	$ 2,512,300

The accompanying notes are an integral part of the financial statements.

SAN DIEGO AUTOMOTIVE MUSEUM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	$ 925,379	$ 1,309,310
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	97,073	77,913
(Gain) loss on sale of property and equipment	(1,347,023)	56,302
Unrealized gain	(3,305)	-
Donated inventories	(28,300)	(88,875)
Donated collection items	(124,907)	(504,000)
(Increase) Decrease in:		
Accounts receivable	(13,297)	(23,074)
Contributions receivable, net	372,327	(670,972)
Inventories	(22,406)	34,564
Prepaid expenses	(234,029)	(43,566)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(45,484)	25,061
Deferred revenue	(12,094)	3,850
Net Cash (Used in) Provided by Operating Activities	(436,066)	176,513
Cash Flows From Investing Activities:		
Proceeds from the sale of property and equipment	1,909,245	-
Purchase of investments	(511,722)	-
Purchase of property and equipment	(596,499)	(398,438)
Net Cash Provided by (Used In) Investing Activities	801,024	(398,438)
Cash Flows From Financing Activities:		
Payments on note payable	(14,280)	(11,891)
Net Cash Used in Financing Activities	(14,280)	(11,891)
Net Increase (Decrease) in Cash and Cash Equivalents	350,678	(233,816)
Cash and Cash Equivalents at Beginning of Year	1,172,087	1,405,903
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,522,765	$ 1,172,087
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 9,552	$ 12,072

The accompanying notes are an integral part of the financial statements.

Note 2 - Significant Accounting Policies: (Continued)

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

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

Risks and Uncertainties

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

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements (Continued)

The Museum's statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

Investments in fixed income funds are considered Level 2 assets, and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund managers.

Allowance for Credit Losses

The Museum recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statement of financial position date, aging reports and historical information. Accounts receivable are written off when the Museum determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that all accounts receivable were fully collectible; therefore, no allowance for credit losses on accounts receivable were recorded at June 30, 2024 and 2023.

Allowance for Uncollectible Contributions Receivable

Bad debts are recognized on the allowance method, based on historical experience and management's evaluation of contributions receivables. Management believes that all contributions receivable were fully collectible; therefore, no allowance for uncollectible contributions receivable were recorded at June 30, 2024 and 2023.

Inventories

Inventories of retail store merchandise consist primarily of books, periodicals, and gift items which are valued at the lower of cost (first-in, first-out) or net realizable value. Inventories of Balboa Park passports are recorded at cost. Inventories of automobiles held for resale are recorded at cost if purchased, and at fair value if donated. Inventories consist of the following at June 30:

	2024	2023
Automobiles	$ 659,502	$ 612,752
Retail store	54,239	53,560
Total Inventories	$ 713,741	$ 666,312

Capitalization and Depreciation

The Museum capitalizes all expenditures in excess of $1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Museum reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

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

Storage building	40 years
Building improvements	5 - 40 years
Computer equipment	3 - 7 years
Furniture and fixtures	3 - 10 years
Vehicles	5 years

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Depreciation expense totaled $97,073 and $77,913 for the years ended June 30, 2024 and 2023, respectively.

Impairment of Real Estate

The Museum reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2024 and 2023.

Collection

The Museum has capitalized its collection since its inception. If purchased, items accessioned into the collection are capitalized at cost and, if donated, they are capitalized at their appraised or fair value on the accession date, the date on which the item is accepted by the Board of Directors (the "Board"). Gains or losses on the deaccession of collection items are classified in the statements of activities as without donor restriction or with donor restriction depending on donor restrictions, if any, placed on the item at the time of accession. The collection is subject to a policy that requires proceeds from the sale of collection items are used for the direct care of the collection, or to acquire other items for the collection. Direct care of collections is defined by the Museum as costs that prolong the life and usefulness of the collection, costs providing benefits that enhance the quality and protection of the collection, and costs that make a physical impact on collection objects, increasing or restoring their cultural or scientific value. Routine and ongoing expenditures are not considered direct care of collections. Deaccessions of collection items totaled $-0- for the years ended June 30, 2024 and 2023. Costs incurred in connection with the acquisition and conservation of the collection are expensed in the period incurred. The collection consists of the following at June 30:

	2024	2023
Antique autos	$ 1,078,932	$ 953,900
Library collections and other memorabilia	354,940	351,788
Total Collection	$ 1,433,872	$ 1,305,688

Note 2 - Significant Accounting Policies: (Continued)

Compensated Absences

Accumulated unpaid vacation totaling $35,264 and $27,768 at June 30, 2024 and 2023, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

Revenue Recognition

The Museum recognizes revenue from admissions and education upon sale or date of service, as applicable.

Museum store sales and vehicle and parts sales are recognized as revenue when the sale transaction occurs.

Contributions are recognized when the donor makes a promise to give to the Museum that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. Contributions are recorded as without donor restriction or with donor restriction, depending on the existence or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The Museum recognizes revenue from event income, facility rental income, and other income upon sale or date of service, as applicable.

The Museum offers memberships that typically last for a term of one year. The Museum divides fees from these memberships between contributions and exchange transactions, and recognizes revenue for the contribution upon sale. The exchange portion is also recognized upon sale, since fees are non-refundable and used to fund the Museum's mission and access programs.

Revenue from events is deferred until the fiscal year in which the event occurs. Deferred revenue for events totaled $142,756 and $154,850 at June 30, 2024 and 2023, respectively.

Donated Services, Materials and Support

The Museum received the following in-kind contributions for the years ended June 30:

	2024	2023
Collection items	$ 124,907	$ 504,000
Vehicles for sale	28,300	88,875
Total In-Kind Contributions	$ 153,207	$ 592,875

The Museum receives vehicles, library and collection items which are valued at fair market value for similar items. The collection item is reported as in-kind contribution revenue with a corresponding increase to collections.

Note 2 - Significant Accounting Policies: (Continued)

Donated Services, Materials and Support (Continued)

Contributed vehicles for sale received by the Museum are recorded as in-kind contribution revenue with a corresponding increase to inventory. The Museum values the inventory at the current price located on a publicly available website for a similar item. The Museum's policy is to attempt to sell the vehicles and other inventory items.

Contributed collection items were utilized in the Museum's programs.

The Museum utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended June 30, 2024 and 2023 did not meet the requirements above; therefore, no amounts were recognized in the financial statements for volunteer time.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services based on a cost allocation plan that allocates costs based on time records, space utilized and estimates made by the Museum's management.

Leases

The Museum determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets–operating and lease liability–operating, and finance leases are included in right-of-use ("ROU") assets–financing and lease liability–financing in the statement of financial position.

ROU assets represent the Museum's right to use an underlying asset for the lease term and lease liabilities represent the Museum's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

Income Taxes

The Museum is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, except on net income derived from unrelated business activities. The Museum believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Museum is not a private foundation.

SAN DIEGO AUTOMOTIVE MUSEUM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 3 - Liquidity and Availability:

The Museum regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Museum receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Museum considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure within one year, are comprised of the following at June 30:

	2024	2023
Cash and cash equivalents	$ 1,522,765	$ 1,172,087
Accounts receivable	55,763	42,466
Contributions receivable	250,000	575,000
Investments	515,027	-
Less: Donor restrictions for capital improvements	(998,645)	(1,547,032)
Financial assets available to meet general expenditures within one year	$ 1,393,555	$ 242,521

In addition to financial assets available to meet general expenditures over the next 12 months, the Museum has a line-of-credit with available borrowings totaling $300,000 as described in Note 6. In addition, the Museum operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Investments and Fair Value Measurements:

The following table summarizes assets measured at fair value on a recurring basis by classification within the fair value hierarchy at June 30:

	2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Fixed income funds	$ -	$ 515,027	$ -	$ 515,027
Total Investments	$ -	$ 515,027	$ -	$ 515,027

There were no investments measured at fair value on a recurring basis at June 30, 2023.

The following schedule summarizes investment income for the years ended June 30:

	2024	2023
Interest and dividend income	$ 64,717	$ 307
Net realized and unrealized gains	3,305	-
Total Investment Income	$ 68,022	$ 307

Note 5 - Contributions Receivable:

Contributions receivable consist of the following at June 30:

	2024	2023
Receivables due in less than one year	$ 250,000	$ 575,000
Receivables due in one to five years	50,000	100,000
Total Contributions Receivable	300,000	675,000
Less: Discount to present value	(1,355)	(4,028)
Contributions Receivable, Net	$ 298,645	$ 670,972

Contributions receivable have been discounted to their present value using a discount rate of 2.75% for each of the years ended June 30, 2024 and 2023.

Note 6 - Property and Equipment:

Property and equipment consist of the following at June 30:

	2024	2023
Land	$ -	$ 519,848
Storage building	-	100,945
Building improvements	2,718,292	1,690,182
Computer equipment	118,481	113,607
Furniture and fixtures	203,545	110,351
Vehicles	110,760	110,760
Construction in Progress	13,229	558,377
Subtotal	3,164,307	3,204,070
Less: Accumulated depreciation	(1,082,522)	(1,059,489)
Property and Equipment, Net	$ 2,081,785	$ 2,144,581

Note 7 - Line-of-Credit:

The secured line-of-credit note, which originated on June 23, 2021, is held by Endeavor Bank in the original amount of $500,000, and bears interest at the bank's prime rate plus 1%. On June 30, 2023, there was a change in terms to the line-of-credit. The loan amount was decreased to $300,000 and was extended to June 24, 2025. Interest is payable monthly. Principal and accrued interest are due June 24, 2025. There was no outstanding balance on the line-of-credit at June 30, 2024 and 2023.

Note 8 - Note Payable:

Note payable consists of the following at June 30:

	2024	2023
Note payable to U.S. Small Business Administration in the original amount of $150,000. The loan was increased to $450,000 in July 2021. Payments of principal and interest of $1,986 are due monthly, beginning August 2022. The note is due June 2051. Secured by property. Accrued interest totaled $-0- and $1,070 at June 30, 2024 and 2023, respectively, and is included in accounts payable and accrued expenses.	$ 415,963	$ 430,243
	415,963	430,243
Less: Current portion	(12,550)	(12,153)
Note Payable, Net of Current Portion	$ 403,413	$ 418,090

Future principal payments on the note payable are as follows:

Years Ended June 30	
2025	$ 12,550
2026	12,900
2027	13,259
2028	13,628
2029	14,008
Thereafter	349,618
	$ 415,963

Note 9 - Agreement With the City of San Diego:

The building and land where the Museum is located are owned by the City of San Diego (the "City") and leased to the Museum, and therefore are not assets of the Museum and are not reflected in the accompanying financial statements. Additions and renovations to the original building are assets of the Museum and are reflected as leasehold improvements in the accompanying financial statements. The Museum operates the museum under a 25-year lease with the City ending on January 14, 2038. As part of this agreement, the Museum is to make the premises available to the public, without charge, one day per month. Under the agreement, in place of cash rent for the use of the premises, the consideration to the City from the Museum will be the continuous operation, development and maintenance of the premises.

Note 10 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Museum, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	2024	2023
Subject to Expenditure for Specified Purpose:		
Improvements	$ 998,645	$ 1,547,032
Library	-	515,000
Education	-	25,000
Total Net Assets with Donor Restrictions	$ 998,645	$ 2,087,032

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

	2024	2023
Purpose Restrictions Accomplished:		
Improvements	$ 612,843	$ -
Library	515,000	-
Education	25,000	37,500
Van	-	50,000
Restroom	-	10,000
Total Net Assets Released From Restrictions	$ 1,152,843	$ 97,500

Note 11 -Lease Agreement:

The Museum signed a 12-month lease agreement at the Chicano Park Museum and Cultural Center which expires in October 2024. Rent expense totaled $96,000 and $-0- for the years ended June 30, 2024 and 2023, respectively.