

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

**Experimental Aircraft Association, Inc. and
EAA Aviation Foundation, Inc.**

February 29, 2024 and February 28, 2023

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated statements of financial position	6
Consolidated statements of activities	8
Consolidated statements of cash flows	10
Notes to consolidated financial statements	11
Supplementary Information	
Consolidating statement of financial position - February 29, 2024	35
Consolidating statement of activities - year ended February 29, 2024	37
Consolidating statement of financial position - February 28, 2023	38
Consolidating statement of activities - year ended February 28, 2023	40
Experimental Aircraft Association, Inc.	
Consolidated statements of financial position - February 29, 2024 and February 28, 2023	41
Consolidated statement of activities - year ended February 29, 2024	43
Consolidated statement of activities - year ended February 28, 2023	44
EAA Aviation Foundation, Inc.	
Statements of financial position - February 29, 2024 and February 28, 2023	45
Statement of activities - year ended February 29, 2024	47
Statement of activities - year ended February 28, 2023	48

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Experimental Aircraft Association, Inc.
Board of Trustees
EAA Aviation Foundation, Inc.

Opinion

We have audited the consolidated financial statements of Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc. (the "Company"), which comprise the consolidated statements of financial position as of February 29, 2024 and February 28, 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 29, 2024 and February 28, 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 Company 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 Company's ability to continue as a going concern for one year after the date the 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 US GAAS 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 US GAAS, 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 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 Company'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 Company'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position as of February 29, 2024 and February 28, 2023; consolidating statements of activities for the years ended February 29, 2024 and February 28, 2023; Experimental Aircraft Association, Inc.'s consolidated statements of financial position as of February 29, 2024 and February 28, 2023; Experimental Aircraft Association Inc.'s consolidated statements of activities for the years ended February 29, 2024, and February 28, 2023; EAA Aviation Foundation, Inc.'s statements of financial position as of February 29, 2024 and February 28, 2023; and EAA Aviation Foundation, Inc.'s statements of activities for the years ended February 29, 2024 and February 28, 2023, are presented for purposes of additional analysis, rather than to present the

financial position and results of operations of the individual entities and are not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included 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 US GAAS. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Appleton, Wisconsin
July 9, 2024

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	February 29, 2024	February 28, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,445,024	\$ 4,049,331
Accounts receivable, less allowance for credit losses of \$49,531 in 2024 and \$54,592 in 2023	686,736	697,219
Current portion of pledges receivable, less allowance for uncollectible pledges of \$76,152 in 2024 and \$74,951 in 2023	727,335	851,575
Inventories	1,310,563	1,423,166
Prepaid expenses	1,963,552	2,020,856
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Total current assets	14,133,210	9,042,147
Pledges receivable , less current portion, unamortized discount and allowance for uncollectible pledges of \$33,535 in 2024 and \$67,291 in 2023	491,465	315,209
Investments - at fair value	61,040,878	56,030,615
Property and equipment		
Land improvements	7,697,668	7,268,047
Buildings	29,447,156	21,790,588
Leasehold improvements	24,153,357	23,532,537
Office furniture and fixtures	3,752,511	3,219,463
Computer equipment and software	7,316,959	8,949,301
Transportation and maintenance equipment	3,751,940	3,497,290
Museum display equipment	3,093,005	3,093,005
Aircraft equipment	99,927	85,510
Aircraft parts	1,010,016	1,106,253
Film library	152,574	152,574
Flyable aircraft	5,877,798	3,362,335
	<hr/>	<hr/>
Total property and equipment	86,352,911	76,056,903
Less accumulated depreciation and amortization	47,298,245	46,395,237
	<hr/>	<hr/>
	39,054,666	29,661,666
Land	4,461,413	4,461,413
Capital addition projects in progress	1,631,853	9,134,125
	<hr/>	<hr/>
Net property and equipment	45,147,932	43,257,204
Other assets		
Operating lease right-of-use asset	456,106	775,472
Finance lease right-of-use asset, net	72,483	101,126
Collections	11,984,477	13,276,529
Beneficial interest in perpetual trust	3,536,021	3,041,588
Beneficial interest in split-interest agreements	210,845	190,402
Cash value of life insurance	67,350	70,564
	<hr/>	<hr/>
Total other assets	16,327,282	17,455,681
Total assets	<u>\$ 137,140,767</u>	<u>\$ 126,100,856</u>

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

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	\$ 600,000	\$ 600,000
Current portion of gift annuity liability	10,124	10,124
Accounts payable	1,627,672	1,277,042
Accounts payable - related parties	453,871	219,736
Accrued expenses and other payables	2,151,113	2,496,119
Current portion of unearned income	10,332,880	9,254,739
Current portion of operating lease obligations	156,890	273,192
Current portion of finance lease obligations	<u>29,295</u>	<u>28,279</u>
Total current liabilities	15,361,845	14,159,231
Operating lease obligations , less current portion	264,641	421,535
Finance lease obligations , less current portion	45,939	75,234
Long-term debt , less current portion	2,200,000	2,800,000
Gift annuity liability , less current portion	129,142	134,528
Unearned income , less current portion	<u>10,440,732</u>	<u>9,342,399</u>
Total liabilities	28,442,299	26,932,927
Net assets		
Without donor restrictions	73,802,049	67,749,944
With donor restriction	<u>34,896,419</u>	<u>31,417,985</u>
Total net assets	<u>108,698,468</u>	<u>99,167,929</u>
Total liabilities and net assets	<u><u>\$ 137,140,767</u></u>	<u><u>\$ 126,100,856</u></u>

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

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended February 29, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Membership dues and subscriptions	\$ 6,753,374	\$ -	\$ 6,753,374
Advertising	2,291,729	-	2,291,729
Rentals	5,971,815	-	5,971,815
Admissions and registrations	16,731,599	-	16,731,599
Merchandise sales	4,039,344	-	4,039,344
Commissions and royalties	2,545,742	-	2,545,742
Investment return	2,889,836	3,043,452	5,933,288
Change in beneficial interests	-	514,875	514,875
Administrative fees	1,606,421	-	1,606,421
Donations, cash and pledges	3,975,889	5,975,979	9,951,868
Donations, contributed services and property	2,393,448	-	2,393,448
Donations, sponsorship	2,576,606	-	2,576,606
Loss on disposal of property and equipment	(58,559)	-	(58,559)
Miscellaneous	745,754	-	745,754
Net assets released from restrictions	<u>6,058,595</u>	<u>(6,058,595)</u>	<u>-</u>
 Total revenues, gains and other support	 58,521,593	 3,475,711	 61,997,304
 Expenses			
AirVenture expenses	15,346,029	-	15,346,029
Membership services	7,115,120	-	7,115,120
Other program expenses	20,413,296	-	20,413,296
Management and general	6,754,166	-	6,754,166
Fundraising	<u>2,840,877</u>	<u>(2,723)</u>	<u>2,838,154</u>
 Total expenses	 <u>52,469,488</u>	 <u>(2,723)</u>	 <u>52,466,765</u>
 CHANGE IN NET ASSETS	 6,052,105	 3,478,434	 9,530,539
 Net assets at beginning of year	 <u>67,749,944</u>	 <u>31,417,985</u>	 <u>99,167,929</u>
 Net assets at end of year	 <u>\$ 73,802,049</u>	 <u>\$ 34,896,419</u>	 <u>\$ 108,698,468</u>

The accompanying notes are an integral part of this consolidated financial statement.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended February 28, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Membership dues and subscriptions	\$ 6,303,479	\$ -	\$ 6,303,479
Advertising	2,180,603	-	2,180,603
Rentals	5,498,217	-	5,498,217
Admissions and registrations	14,006,085	-	14,006,085
Merchandise sales	3,372,542	-	3,372,542
Commissions and royalties	2,362,132	-	2,362,132
Investment return	(1,591,556)	(1,062,545)	(2,654,101)
Change in beneficial interests	-	(602,384)	(602,384)
Administrative fees	1,595,803	-	1,595,803
Donations, cash and pledges	4,248,137	5,180,177	9,428,314
Donations, contributed services and property	1,531,627	(30,670)	1,500,957
Donations, sponsorship	2,559,359	-	2,559,359
Loss on disposal of property and equipment	(125,719)	-	(125,719)
Miscellaneous	480,191	-	480,191
Net assets released from restrictions	<u>3,890,129</u>	<u>(3,890,129)</u>	<u>-</u>
 Total revenues, gains and other support	 46,311,029	 (405,551)	 45,905,478
 Expenses			
AirVenture expenses	14,400,591	-	14,400,591
Membership services	5,619,525	-	5,619,525
Other program expenses	16,964,393	-	16,964,393
Management and general	7,456,311	-	7,456,311
Fundraising	<u>1,701,749</u>	<u>23,269</u>	<u>1,725,018</u>
 Total expenses	 <u>46,142,569</u>	 <u>23,269</u>	 <u>46,165,838</u>
 CHANGE IN NET ASSETS	 168,460	 (428,820)	 (260,360)
 Net assets at beginning of year	 <u>67,581,484</u>	 <u>31,846,805</u>	 <u>99,428,289</u>
 Net assets at end of year	 <u>\$ 67,749,944</u>	 <u>\$ 31,417,985</u>	 <u>\$ 99,167,929</u>

The accompanying notes are an integral part of this consolidated financial statement.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,530,539	\$ (260,360)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	3,396,326	1,915,341
Amortization of right-of-use financing leases	28,643	13,446
Loss on disposal of property and equipment	745	125,719
Donations of collections	(287,615)	(212,960)
Donations of property and equipment	(875,000)	-
Donations of investments	(355,513)	-
(Gain) loss on investments	(4,397,279)	3,680,471
Change in beneficial interests	(514,876)	602,384
Changes in operating assets and liabilities:		
Accounts receivable	10,483	(51,867)
Accounts receivable - related parties	-	707,648
Pledges receivable	(52,016)	494,141
Inventories	112,603	(538,821)
Prepaid expenses	57,304	(204,119)
Accounts payable	350,630	7,644
Accounts payable - related parties	234,135	(1,023,735)
Accrued expenses and other payables	(350,392)	327,446
Unearned income	2,176,474	1,780,215
Change in operating right-of-use assets and lease obligations, net	46,170	(80,745)
Net cash provided by operating activities	9,111,361	7,281,848
Cash flows from investing activities:		
Proceeds from sale of investments	20,139,680	21,104,536
Purchases of investments	(20,397,151)	(25,927,604)
Purchases of property and equipment	(2,833,132)	(6,167,078)
Proceeds from disposal of property and equipment	-	18,136
Decrease in cash value of life insurance	3,214	68,325
Net cash used in investing activities	(3,087,389)	(10,903,685)
Cash flows from financing activities:		
Payments of long-term debt	(600,000)	(600,000)
Payments on finance lease obligations	(28,279)	(11,059)
Net cash used in financing activities	(628,279)	(611,059)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,395,693	(4,232,896)
Cash and cash equivalents at beginning of year	<u>4,049,331</u>	<u>8,282,227</u>
Cash and cash equivalents at end of year	<u>\$ 9,445,024</u>	<u>\$ 4,049,331</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 129,567	\$ 91,086
Non-cash financing activities:		
Operating lease right-of-use assets acquired with operating lease obligations	\$ -	\$ 1,012,133
Finance lease right-of-use assets acquired with finance lease obligations	-	114,572

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

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024 and February 28, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Experimental Aircraft Association, Inc. (the "Association") is a membership organization dedicated to growing participation in aviation by promoting the "Spirit of Aviation"; cooperating with and assisting governmental agencies in the development of programs related to aviation activities; promoting and encouraging aviation safety in the design, construction and operation of all types of aircraft; and promoting and encouraging grass roots efforts relating to aviation research and development. The Association accomplishes its mission by providing aviation-related education programs and services, encouraging and supporting clear pathways that ignite and nurture interest, providing a welcoming and supportive environment, creating opportunities to participate in all aspects of aviation, fostering the camaraderie and community of aviators and enthusiasts, and making aviation more accessible. Each year the Association holds its annual convention and fly-in, AirVenture, in Oshkosh, Wisconsin. AirVenture's primary purpose is aviation-oriented education. AirVenture hosts approximately 800 exhibitors, and more than 1,400 workshops, forums and special events during the weeklong event in pursuit of that goal.

The purpose of the EAA Aviation Foundation, Inc. (the "Foundation") is to receive, hold and invest endowment funds, and remit earnings therefrom to support the Association in promoting aviation education, safety and technology. The Foundation also owns and maintains certain buildings and museum assets to benefit the educational, charitable and scientific purpose of the Association.

A summary of the Association's and Foundation's significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Principles of Consolidation

The consolidated financial statements as of and for the years ended February 29, 2024 and February 28, 2023, include the accounts of the Association and the Foundation, and the Association's subsidiaries, Blue Sky Holdings, LLC and EAA STC, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Association and the Foundation consider all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Receivables are stated net of any allowance for credit losses. The allowance for credit losses is determined by considering the number of days past due, collection history and any specific circumstances related to an individual account. Accounts receivable are written off when they become uncollectible and payments subsequently received are credited to the allowance for credit losses.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Pledges Receivable

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the estimated risk-free interest rate applicable to the years in which the amounts promised are expected to be received. Amortization of these discounts is included in donations revenue.

Inventories

Inventories consist of merchandise goods, print shop materials, office supplies and aircraft spare parts. Merchandise goods, print shop materials and office supplies are determined by the average-cost method. Aircraft spare parts are valued at cost.

Investments

Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Unrealized gains and losses are included in the change in net assets. Investment management fees are classified as a reduction in investment return for financial reporting purposes.

Investment securities are exposed to various risks including, but not limited to, 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.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at the estimated fair value at the date of donation, and are depreciated and amortized using straight-line methods for book purposes over estimated useful lives. The lives used for depreciation and amortization purposes are as follows:

Land improvements	40 years
Buildings	40 years
Flyable aircraft	35 years
Office furniture and fixtures	7 years
Computer equipment and software	3 years
Transportation and maintenance equipment	5 to 7 years
Museum display equipment	12 years
Aircraft parts	Dependent on aircraft flight hours
Aircraft equipment	5 to 7 years
Film library	8 years

Leasehold improvements are depreciated over the lesser of their useful life or lease term.

Collections

The Foundation, together with the Association, maintain a collection of historic artifacts and archival materials related to the history of recreational aviation including aircraft, engines, aircraft components, books, periodicals, photographs, video and other artifacts. Collections are held for public exhibition, education or research. The Foundation and Association acquire its collections by purchase or by donation.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Costs to acquire or restore collections are accumulated. Donated items are recorded at the estimated fair value as of the date of donation. Such values are meant to represent the intrinsic value of the item. Library items are recorded at cost when purchased or at fair value when donated. In accordance with U.S. GAAP, inexhaustible collections are not depreciated. Adjustments are recorded as required to reduce the collection to the lower of cost or fair value.

Net Assets

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 general use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions

Net assets subject to donor-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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Beneficial Interest in Perpetual Trust

The Foundation is the beneficiary of a trust created by one donor. The assets of the trust are not now and are never intended to be the property of the Foundation. The Foundation has an irrevocable right to a portion of the net income of the trust. The Foundation has no right pursuant to the terms of the governing trust instrument to determine or affect trust instruments, to remove or appoint the trustee(s), or to request distributions of income or principal. As required under U.S. GAAP, the Foundation is required to record its interest in the trust at fair value and classify it as net assets with donor restrictions. Distributions received from the trust are recorded as investment return within net assets with donor restrictions and the change in fair value is recorded as gains or losses within net assets with donor restriction. Distributions received from the trust totaled \$101,685 and \$148,729 for the years ended February 29, 2024 and February 28, 2023, respectively.

Revenue Recognition

The Association and Foundation recognize revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). The Association recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services. The Association has identified membership dues and subscriptions, advertising fees, rentals, admissions and registrations, merchandise sales, commissions and royalties, and administrative fees as revenue categories subject to ASC 606. Generally, advance receipts are deferred to the applicable period when performance obligations are met, and receivables are generally due 30 days from the invoice date.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

A description of the Association's revenue categories accounted for under ASC 606 follows:

Membership dues and subscription revenues are recognized on a straight-line ratable basis over the terms of the various memberships. Membership dues, which include subscriptions, are purchased on an annual basis, and amounts received in advance are deferred to the applicable period. See Note G for discussion of unearned income. Subscription revenue is allocated based on comparable aviation publications market pricing and frequency. Membership dues revenue is allocated based on membership benefits received.

Advertising fees are recognized in the period in which the production costs are incurred for the related publication.

Events (including AirVenture) benefiting the Association and Foundation have various revenue streams, including admissions, registrations and rentals. Revenues from these events are recognized when the event occurs. Advance receipts from these events are deferred until the time of the event.

Merchandise sales are recognized when the sale occurs at the point of purchase.

Commissions and royalties are recognized over time as performance obligations are satisfied per each contract.

Administrative fees are recognized over time as performance obligations are satisfied per each contract. The promised services that meet the distinct criteria are combined with services that are substantially the same into one performance obligation as a series that have the same pattern of transfer. As such, revenue for those performance obligations is generally recognized as services are performed.

Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

Contributions

Contributions are recognized when cash, securities, or other assets; unconditional promises to give; or a notification of a beneficial interest is received. The Association and Foundation report contributions, including promises to give, as restricted support if they are received with donor stipulations that restrict the use of the donated assets. Conditional promises to give are recognized when the conditions on which they depend have been substantially met. Contributions that have restrictions that are met during the same year the contributions are received are recorded as net assets without donor restriction donation revenue. Contributions receivable are recorded at the present value of future estimated cash flows and net of an allowance for uncollectible contributions.

Sponsorship income is recognized as contributions when the Association or Foundation has substantially met conditions in accordance with the terms of the sponsorship agreement. Sponsorships support many programs, including AirVenture, and are recorded in the applicable period when the program activity or event takes place. Advance receipts for a future activity or events taking place in a subsequent fiscal year are classified as unearned income and were \$258,552 and \$178,460 for the years ended February 29, 2024 and February 28, 2023, respectively.

Special events revenue is recorded equal to the fair value of the direct benefits to donors, and contribution revenue is recognized for the excess received when the event takes place.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

In-Kind Donations

The Association and Foundation receive significant donations of professional services and other items, including equipment and supplies, property and rentals at no cost. The estimated value of the donated services and other items received was \$2,393,448 and \$1,500,957 for the years ended February 29, 2024 and February 28, 2023, respectively. These amounts have been included in revenues, gains and other support, and expenses have been increased by a like amount in the consolidated statements of activities.

	February 29, 2024	February 28, 2023
Professional services	\$ 454,810	\$ 496,000
Equipment and supplies	295,346	222,274
Rentals	170,405	159,560
Property	1,124,487	494,378
Shares of stock	348,400	38,221
Other	-	90,524
	<u>\$ 2,393,448</u>	<u>\$ 1,500,957</u>

Donations of professional services are valued and are reported at their estimated fair value in the financial statements based on current market rates for similar professionals.

Donations of other items, which includes equipment and supplies, property, rentals, and other items that would normally be purchased, are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. These donations are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. In-kind donations are not sold and are only available for program use.

In addition, volunteers have donated significant amounts of time to the Association in various capacities, which have not been reflected in the consolidated financial statements since they do not meet the criteria for recognition.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such costs include maintenance and occupancy, depreciation and management and general expenses, which are allocated on the basis of square footage occupied or resources used, or on the basis of the total direct cost of the benefiting program. See Note O.

Advertising Costs

The Association and the Foundation expense advertising costs as they are incurred. Advertising expense was approximately \$845,000 and \$754,000 for the years ended February 29, 2024 and February 28, 2023, respectively.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Income Taxes

The Association has received a determination letter from the Internal Revenue Service (“IRS”), dated November 3, 1993, stating that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Foundation has received a determination letter from the IRS, dated October 30, 1964, stating that it is exempt from federal income tax under Section 501(c)(3) of the IRC. The Association and Foundation pay unrelated business income tax on certain of its activities, which are deemed to be unrelated to its exempt purpose.

As required by the uncertain tax position guidance, the Association and the Foundation recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Association and the Foundation applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits as of February 29, 2024 and February 28, 2023.

There were no material interest or penalties related to income tax that have been accrued or recognized as of and for the years ended February 29, 2024 and February 28, 2023.

Leases

The Association records leases in accordance with ASC Topic 842, *Leases (Topic 842)*. The Association has also elected to not record leases whose total payments are less than \$1,000 over the term of the lease in accordance with Topic 842.

The Association determines whether an agreement is, or contains, a lease at inception. If a lease exists, then the agreement is reviewed to determine lease classification. The lease term used in this review may include the effect of options to extend or terminate the lease when it is reasonably certain that the option will be exercised. The Association accounts for lease and nonlease components as separate components. The Association believes that allocating consideration to lease and nonlease components based on quoted contract prices is not materially different than allocating the consideration based on separate stand-alone selling prices, and thus quoted contract prices are used.

The Association’s existing lease arrangements consist of both operating leases and finance leases. Leases that have commenced are included as right-of-use (“ROU”) assets and as lease liabilities on the statement of financial position. Classification of lease liabilities as either current or noncurrent is based on the expected timing of payments due under the leasing agreements.

ROU assets represent the Association’s right to use an underlying asset for the lease term and lease liabilities represent the Association’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When determining the present value of the lease payments, the Association uses the interest rate implicit in the lease if known. If not, an incremental borrowing rate over the remaining lease term is used, for which the Association has elected to use the risk-free rate as a practical expedient. ROU assets are recognized at the lease commencement date based on the initial measurement of the corresponding lease liabilities and then adding initial direct costs incurred and lease payments made at or before the commencement date, and subtracting lease incentives received from the lessor.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

At the commencement of a lease, the Association only includes the initial lease term unless the option to extend is reasonably certain. The Association has elected to not record leases with a term of 12 months or less in accordance with Topic 842. The Association recognizes lease expense for these short-term leases on a straight-line basis over the lease term. For all other operating leases, the Association recognizes lease expense on a straight-line basis, taking into account any adjustments made to the ROU asset.

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 and the related amendments issued thereafter require the implementation of an impairment model, known as the current expected credit loss model. The model requires financial assets or groups of financial assets measured at amortized cost basis be presented at the net amount expected to be collected. An allowance for credit losses should be established to present the net carrying value of the amount expected to be collected on the financial assets or group of financial assets. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The Association adopted ASU 2016-13 and the related amendments on March 1, 2023. The adoption of ASU 2016-13 and the related amendments did not have a material impact on the Association’s consolidated financial statements or disclosures as of and for the year ended February 29, 2024.

Reclassifications

Certain reclassifications have been made to the 2023 financial statement presentation to confirm with 2024 presentation. There is no impact on net assets or change in net assets as previously reported.

NOTE B - CONCENTRATION OF CREDIT RISK

The Association and the Foundation have cash deposited in financial institutions in which the balance may exceed the federal government agency insured limit. The Association and the Foundation have not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

NOTE C - DONOR CONCENTRATIONS

There were contributions from two donors representing 22.1% of the Association’s and Foundation’s donations for the year ended February 29, 2024.

There were contributions from one donor representing 25% of the Association’s and Foundation’s donations for the year ended February 28, 2023.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

NOTE D - PLEDGES RECEIVABLE

Pledges receivable are summarized as follows:

	February 29, 2024	February 28, 2023
	<u> </u>	<u> </u>
Unconditional promises to give before unamortized discount and allowance for uncollectible pledges receivable	\$ 1,328,487	\$ 1,309,026
Less: amortized discount	33,535	67,291
	<u>1,294,952</u>	<u>1,241,735</u>
Less: allowance for uncollectible pledges receivable	76,152	74,951
	<u>\$ 1,218,800</u>	<u>\$ 1,166,784</u>
Amounts due in:		
Less than one year	\$ 803,487	\$ 926,526
One to five years	525,000	382,500
	<u>1,328,487</u>	<u>1,309,026</u>
Less: unamortized discount and allowance	109,687	142,242
	<u>\$ 1,218,800</u>	<u>\$ 1,166,784</u>

NOTE E - INVESTMENTS

Investments at fair value consisted of the following:

	February 29, 2024	February 28, 2023
	<u> </u>	<u> </u>
Money market funds	\$ 6,201,616	\$ 8,473,194
Common stocks	2,812,666	2,099,140
Bond funds	11,441,331	9,233,174
Equity funds	28,412,168	24,353,136
Alternative Investments	12,173,097	11,871,971
	<u>\$ 61,040,878</u>	<u>\$ 56,030,615</u>

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Investment return consists of the following:

	February 29, 2024	February 28, 2023
Investment fees	\$ (142,085)	\$ (134,599)
Interest and dividends	1,612,811	1,160,979
Realized gain on investments	816,067	85,704
Unrealized gain (loss) on investments	3,646,495	(3,766,185)
	<u>\$ 5,933,288</u>	<u>\$ (2,654,101)</u>

NOTE F - LONG-TERM DEBT

Long-term debt consists of the following:

	February 29, 2024	February 28, 2023
\$10,000,000 Town of Nekimi, Wisconsin Industrial Development Revenue Bonds, Series 2008; interest only payments through 2014 with annual principal payment of \$600,000 beginning in 2015, final payment due September 2028; interest at 72.5% of both the 30-day SOFR rate plus 150 basis points (effective rate of 4.95% and 4.41% at February 29, 2024 and February 28, 2023, respectively); secured by all equipment and fixtures acquired with the proceeds of the bonds	\$ 2,800,000	\$ 3,400,000
	2,800,000	3,400,000
Less: current maturities	600,000	600,000
	<u>\$ 2,200,000</u>	<u>\$ 2,800,000</u>

Letters of credit to satisfy Wisconsin unemployment tax requirements are provided by the Association and Foundation through U.S. Bank, N.A. in the amounts of \$150,626 and \$2,539, respectively. The letters of credit expire December 31, 2027. In addition, supporting lines of credit are provided for \$200,000 for the Association and \$5,000 for the Foundation. Both supporting lines of credit expire December 31, 2027. As of February 29, 2024 and February 28, 2023, there were no amounts outstanding on the supporting lines of credit. Interest on the lines of credit is the prime rate plus 150 basis points.

U.S. Bank, N.A. provides the Association a line of credit in the amount of \$3,000,000, which has an expiration date of December 31, 2025. There were no outstanding balances at February 29, 2024 and February 28, 2023, on this line of credit. Interest on the line of credit is at the daily Secured Overnight Financing Rate ("SOFR") plus 161 basis points.

The line of credit agreements and industrial development revenue bond contain a number of restrictive covenants, with which the Association was in compliance at February 29, 2024 and February 28, 2023.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Future maturities of long-term debt as of February 29, 2024 is as follows for the years ending:

2025	\$	600,000
2026		600,000
2027		600,000
2028		600,000
2029		400,000
		<hr/>
	\$	<u>2,800,000</u>

NOTE G - UNEARNED INCOME

Unearned income consists of the following items:

	February 29, 2024	February 28, 2023
	<hr/>	<hr/>
Unearned membership dues and subscription revenue	\$ 14,852,331	\$ 13,590,796
Exhibits	4,090,353	3,485,975
Other	1,830,928	1,520,367
	<hr/>	<hr/>
Total	20,773,612	18,597,138
	<hr/>	<hr/>
Less: current portion	10,332,880	9,254,739
	<hr/>	<hr/>
Long-term unearned income	<u>\$ 10,440,732</u>	<u>\$ 9,342,399</u>

NOTE H - GIFT ANNUITIES

Assets held under a contractual obligation that provide a lifetime annuity to a non-charitable beneficiary are included in investments and are recorded at their fair value. The actuarially determined present value of the future annuity cash flows required to be paid to the donors or their beneficiaries is recorded as a liability in the consolidated statements of financial position. The discount rate used by the actuary was 6% as of February 29, 2024 and February 28, 2023. The difference between the fair value of the gift annuity assets and the actuarially determined present value of future annuity cash flows is recorded as donation revenue in the year the gift annuity is received. Subsequent changes are recorded in the consolidated statements of activities within management and general expenses.

NOTE I - RETIREMENT PLANS

The Association sponsors a money purchase pension plan for its employees. The plan provides a participant, at retirement, with his or her share of the investment account balance. Contributions are based on employee annual compensation. The Association contributes an amount equal to 7.14% of the employees' annual compensation plus 5.60% of employees' compensation in excess of the Social Security Taxable Wage Base. The total provision for pension costs were approximately \$695,000 and \$600,000 for the years ended February 29, 2024 and February 28, 2023, respectively.

The Association also sponsors a 403(b) retirement plan which permits employees to defer a portion of their compensation, subject to annual IRS limitations. There were no employer contributions to the 403(b) retirement plan for the years ended February 29, 2024 and February 28, 2023.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

NOTE J - LEASE ARRANGEMENTS

The Association has various leases for its office space and certain premises located at Wittman Regional Airport. The components of rent expense for the years ended were as follows:

	February 29, 2024	February 28, 2023
Operating lease cost	\$ 311,573	\$ 1,318,845
Variable lease cost	-	106,470
Finance lease cost		
Amortization of ROU assets	28,642	13,446
Interest on lease liabilities	3,148	1,817
	<u>\$ 343,363</u>	<u>\$ 1,440,578</u>
Total		

During the year ended February 29, 2024, there were no new leases entered into by the Association. During the year ended February 28, 2023, the Association entered into new leases which resulted in additional ROU assets and liabilities of \$1,012,133 for operating leases and \$114,572 for finance leases.

Weighted average remaining lease terms (in years) and weighted average discount rates for outstanding leases were as follows:

	February 29, 2024	February 28, 2023
Weighted-average remaining lease term - operating lease	5.2 years	4.8 years
Weighted-average discount rate - operating lease	1.83%	1.75%
Weighted-average remaining lease term - financing lease	2.5 years	3.5 years
Weighted-average discount rate - financing lease	3.54%	3.54%

Estimated future minimum rental payments under these leases at February 29, 2024, are as follows:

	Operating Leases	Finance Leases	Total
2025	\$ 163,133	\$ 31,427	\$ 194,560
2026	148,189	31,427	179,616
2027	41,617	15,713	57,330
2028	7,591	-	7,591
2029	7,591	-	7,591
Thereafter	75,909	-	75,909
	<u>444,030</u>	<u>78,567</u>	<u>622,597</u>
Total gross lease payments			
Less: imputed interest	22,499	3,333	25,832
	<u>\$ 421,531</u>	<u>\$ 75,234</u>	<u>\$ 496,765</u>
Total lease liabilities			

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

NOTE K - RELATED-PARTY TRANSACTIONS

Contributions include donations received from various related parties, including board members and trustees. The Association and Foundation recognized cash and non-cash contributions from related parties of approximately \$451,000 and \$679,000 during the years ended February 29, 2024 and February 28, 2023, respectively.

The Association has three related parties, International Aerobatic Club, Inc., Warbirds of America, Inc. and EAA Vintage Association, Inc. (collectively, the "Entities"). The Entities are separate corporations, but no person may become a member of any of the Entities without first being a member of the Association. Each of the Entities pays an administrative fee to the Association for clerical services rendered to them. As part of these clerical services, the Association and the Foundation receive cash on behalf of the Entities, which result in accounts payable to these related parties. The tax-exempt purposes of the Entities are similar to the Association's tax-exempt purpose. These Entities are independent corporations who report their own income and expenses. Other than the fees charged to the Entities, no other financial transactions of the Entities are included in these consolidated financial statements.

Related-party transactions and year-end balances are as follows:

	February 29, 2024	February 28, 2023
Payments from the Entities for data processing and other administrative services	\$ 560,977	\$ 661,290
Accounts payable to the Entities	453,871	219,736

NOTE L - CONTINGENT LIABILITIES AND COMMITMENTS

The Association self-funds employees' medical expenses through a program under which it is responsible for the first \$70,000 of covered medical expenses per incident at February 29, 2024 and February 28, 2023. Claims of any incident in excess of these amounts are covered by an excess loss insurance policy. Claims expense and insurance costs under this program, including administrative expenses, net of employee contributions and any stop-loss recoveries, totaled approximately \$1,885,000 and \$1,538,000 for the years ended February 29, 2024 and February 28, 2023, respectively. The claims liability totaled approximately \$151,000 and \$141,000 as of February 29, 2024 and February 28, 2023, respectively, and is included in accrued expenses and other payables on the consolidated statements of financial position.

NOTE M - FAIR VALUE OF FINANCIAL INSTRUMENTS

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 (that is, an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or need to pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. However, if quoted market prices are not available, other valuation techniques that place greater reliance on market data (observable inputs) or other estimates and assumptions (unobservable inputs) are used. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable (other market data), and may include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Unobservable inputs developed using the Association's and the Foundation's estimates and assumptions, which reflect those that market participants would use.

The determination of where an asset or liability falls in the hierarchy requires significant judgment and depends on the lowest level input that is significant to the fair value measurement as a whole. The Association and the Foundation evaluate the hierarchy disclosures annually and, based on various factors, it is possible that an asset or liability may be classified differently from year to year. However, the Association and Foundation expect that changes in classification between different levels will be rare.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes to the valuation methodologies used at February 29, 2024 and February 28, 2023. There were no transfers into or out of each level during the years ended February 29, 2024 and February 28, 2023.

Investments

When quoted market prices are available in an active market, securities are classified within Level 1 of the fair value hierarchy. The fair value of money market funds, common stocks, bond and equity funds with a readily determinable fair value are based on quotes obtained from national securities exchanges. The hedge fund and equity funds do not have a readily determinable fair value and are valued at the February 29, 2024 and February 28, 2023, net asset value ("NAV") per share, which is used as a practical expedient to estimate fair value. The value is determined by reference to the fund's underlying assets and is provided by the fund administrator.

Beneficial Interest in Perpetual Trust and Split-Interest Agreement

Beneficial interests in perpetual trust and split-interest agreements are valued using the fair value of the assets in the trust unless facts and circumstances indicate that the fair value of the assets in the trust differs from the fair value of the beneficial interests.

Other Assets and Liabilities

The carrying amount of the Association's and the Foundation's financial instruments, which include accounts receivable, pledges receivable, accounts payable and accrued expenses, approximate their fair values at February 29, 2024 and February 28, 2023, due to their short maturities. The carrying value of long-term debt, including the current portion, approximates fair value because the interest rate approximates the current market rate of interest available to the Association and Foundation.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

The following summarizes the valuation of financial instruments measured at fair value in the consolidated statements of financial position as of:

	February 29, 2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Money market funds	\$ 6,201,616	\$ 6,201,616	\$ -	\$ -
Common stocks	2,812,666	2,812,666	-	-
Bond funds	11,441,331	11,441,331	-	-
Equity funds	28,412,168	28,412,168	-	-
	<u>48,867,781</u>	<u>\$ 48,867,781</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV:				
Hedge fund ^(a)	3,887,246			
Equity funds ^(b)	<u>8,285,851</u>			
	<u>\$ 61,040,878</u>			
Other assets:				
Beneficial interest in perpetual trust	\$ 3,536,021	\$ -	\$ -	\$ 3,536,021
Beneficial interest in split-interest agreements	210,845	-	-	210,845
	February 28, 2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Money market funds	\$ 8,473,194	\$ 8,473,194	\$ -	\$ -
Common stocks	2,099,140	2,099,140	-	-
Bond funds	9,233,174	9,233,174	-	-
Equity funds	24,353,136	24,353,136	-	-
	<u>44,158,644</u>	<u>\$ 44,158,644</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV:				
Hedge fund ^(a)	4,140,266			
Equity funds ^(b)	<u>7,731,705</u>			
	<u>\$ 56,030,615</u>			
Other assets:				
Beneficial interest in perpetual trust	\$ 3,041,588	\$ -	\$ -	\$ 3,041,588
Beneficial interest in split-interest agreements	190,402	-	-	190,402

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

- (a) Hedge fund - The investment strategy of this category is to exceed S&P Index performance during difficult periods of equity performance. Redemption from these funds is permitted quarterly with a 20-day notice; however, there may be additional restrictions on the redemption of underlying funds. At its discretion, the fund may make quarterly tender offers in minimum amounts of \$100,000. There are no unfunded commitments.
- (b) Equity fund - The investment strategy of this category is to exceed S&P Index performance during difficult periods of equity performance. Redemption from these funds is permitted quarterly with a 45-day notice; however, there may be additional restrictions on the redemption of underlying funds. There is \$2,500,000 in unfunded commitments.

The following is a reconciliation of beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended:

	February 29, 2024	February 28, 2023
Beginning balance	\$ 3,231,990	\$ 3,834,376
Net gains (losses), realized and unrealized, included in change in net assets	<u>514,876</u>	<u>(602,386)</u>
Ending balance	<u>\$ 3,746,866</u>	<u>\$ 3,231,990</u>

NOTE N - NET ASSETS

Without Donor Restriction

This portion of net assets is not restricted by donor-imposed stipulations or the passage of time.

Board-Designated Endowment Funds

The Foundation board of trustees has designated a portion of the Foundation's net assets without donor restriction as funds functioning as endowment funds and they have been invested as such. The total amount of funds so designated totaled \$14,725,560 and \$13,230,726 at February 29, 2024 and February 28, 2023, respectively.

It is management's view that the applicable principles for categorization of the board-designated endowment fund should not be viewed as an indication that donations made over time to the Association or the Foundation to ensure the continuing availability of funds for education and preservation, including support of the operating costs of the Association, are available to the creditors of the Association.

Other Board-Designated Funds

The Foundation board of trustees has directed management to designate funds received from the sale of artifacts as unavailable for general operations. As of February 29, 2024 and February 28, 2023, funds so designated totaled \$1,283,652.

With Donor Restrictions

Net assets with donor restrictions are those net assets subject to donor-imposed stipulations that will be met by actions of the Association, the Foundation, the passage of time or a combination thereof.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Net assets with donor restrictions are restricted for the following purpose or periods as of:

	February 29, 2024	February 28, 2023
Subject to expenditure for specified purpose:		
Scholarships	\$ 3,307,512	\$ 3,382,180
Internships	129,209	129,209
Operations	25,805	25,805
Programs	2,442,016	1,408,851
Young Eagles	297,026	75,259
Capital	411,666	1,242,360
Aircraft preservation	55,337	90,502
Museum operations	14,346	8,610
	<hr/>	<hr/>
	6,682,917	6,362,776
Subject to passage of time:		
Promises to give, not restricted by donors but unavailable until due	6,499	2,811
Assets held under split-interest agreements	210,846	190,403
	<hr/>	<hr/>
	217,345	193,214
	<hr/>	<hr/>
Total subject to expenditure for specific purpose and passage of time	6,900,262	6,555,990
Endowments:		
Subject to appropriation and expenditure for specified purpose:		
Scholarships	2,647,931	1,652,614
Internships	282,467	195,227
Operations	478,306	275,399
Museum exhibits	247,263	145,054
Air Academy	721,084	419,547
Programs	131,992	71,715
Young Eagles	955,453	444,838
Museum operations	115,982	57,983
Underwater funds	(62,287)	(224,925)
	<hr/>	<hr/>
	5,518,191	3,037,452
Subject to endowment spending policy and appropriation:		
Scholarships	7,707,430	7,676,441
Internships	641,233	641,233
Operations	1,365,022	1,365,022
Museum exhibits	1,065,000	1,065,000
Air Academy	2,021,068	2,021,068
Programs	543,812	415,812
Young Eagles	5,187,534	5,187,534
Museum operations	410,845	410,845
	<hr/>	<hr/>
	18,941,944	18,782,955
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts - donor restricted for programs	3,536,022	3,041,588
	<hr/>	<hr/>
Total endowments	27,996,157	24,861,995
	<hr/>	<hr/>
Total net assets with donor restrictions	\$ 34,896,419	\$ 31,417,985
	<hr/>	<hr/>

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Net assets released from donor restrictions are as follows:

	February 29, 2024	February 28, 2023
Expiration of time restriction	\$ -	\$ 11,637
Satisfaction of purpose restrictions:		
Scholarships	2,027,609	1,770,306
Young Eagles	300,000	399,019
Aircraft preservation	99,311	31,878
Project 21	2,567,181	880,534
Other programs	560,548	107,132
	<u>5,554,649</u>	<u>3,188,869</u>
Satisfaction of restricted purpose distributions:		
Beneficial interest in perpetual trust	101,685	148,729
Restricted purpose spending policy distributions and appropriations:		
Scholarships	168,477	210,363
Young Eagles	186,079	197,364
Museum exhibits	47,408	5,910
Museum operations	-	20,851
Operations	-	54,902
Air Academy	297	51,504
	<u>402,261</u>	<u>540,894</u>
	<u>\$ 6,058,595</u>	<u>\$ 3,890,129</u>

Endowment Net Assets

The Foundation endowment consists of individual funds established for a variety of educational, preservation and operational purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) adopted and enacted by the Wisconsin legislature, as requiring the preservation of the fair value of the 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 Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the net assets with donor restrictions is classified as such until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the state of Wisconsin in its enacted version of UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment funds; (2) the purposes of the Foundation and the donor-restricted endowment fund; (3) general economic

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Foundation; and (7) the investment policy of the Foundation.

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 Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in net assets with donor restrictions were \$62,287 and \$224,925 as of February 29, 2024 and February 28, 2023, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that was deemed prudent by the board of trustees.

The Foundation has adopted investment and spending policies for endowment assets, both board-designated endowment and other board-designated funds and net assets with donor restrictions, which attempt to provide a predictable stream of funding to support the Association programs while seeking to maintain the purchasing power of endowment assets. The Foundation has a spending policy of appropriating for distribution each year a percentage of its endowment funds average fair value over the prior three calendar year ends preceding the fiscal year in which the distribution is planned. The Foundation has adopted a spending policy percentage of 4% for 2024 and 2023. The Foundation Trustees meet regularly with investment managers to evaluate investment performance and monitor investment policies.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

Changes in endowment net assets:

	<u>Board- Designated Funds</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, February 28, 2022	\$ 13,922,102	\$ 27,095,945	\$ 41,018,047
Investment return, net	(738,962)	(1,348,876)	(2,087,838)
New additions:			
Contributions	<u>911,553</u>	<u>345,040</u>	<u>1,256,593</u>
Total new additions	911,553	345,040	1,256,593
Appropriation of endowment assets for expenditures	(863,967)	(668,320)	(1,532,287)
Change in beneficial interest in perpetual trust	<u>-</u>	<u>(561,794)</u>	<u>(561,794)</u>
Endowment net assets, February 28, 2023	13,230,726	24,861,995	38,092,721
Investment return, net	1,635,715	2,883,000	4,518,715
New additions:			
Contributions	<u>650,231</u>	<u>158,989</u>	<u>809,220</u>
Total new additions	650,231	158,989	809,220
Appropriation of endowment assets for expenditures	(791,112)	(402,260)	(1,193,372)
Change in beneficial interest in perpetual trust	<u>-</u>	<u>494,433</u>	<u>494,433</u>
Endowment net assets, February 29, 2024	<u>\$ 14,725,560</u>	<u>\$ 27,996,157</u>	<u>\$ 42,721,717</u>

NOTE O - FUNCTIONAL EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses are presented by functional classification in accordance with the overall service mission of the Association and Foundation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages, benefits, professional services, administrative expenses, information technology, marketing, postage, printing, equipment rental, insurance, maintenance, occupancy, depreciation and others. These expenses are allocated on the basis of headcounts, time and effort, activity-based metrics, and square footage.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

For the year ended February 29, 2024, functional expense consists of the following:

	Program Activities				Supporting Activities			Total
	AirVenture	Membership Services	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel	\$ 3,096,099	\$ 2,633,334	\$ 7,060,482	\$ 12,789,915	\$ 3,991,490	\$ 1,046,856	\$ 5,038,346	\$ 17,828,261
Cost of goods sold	164,733	453	2,100,612	2,265,798	126	10,617	10,743	2,276,541
Postage and printing	64,260	2,499,400	256,656	2,820,316	10,883	45,466	56,349	2,876,665
Marketing	326,849	190,079	168,663	685,591	5,746	107,163	112,909	798,500
Fees for services	3,742,312	693,252	942,568	5,378,132	581,700	607,737	1,189,437	6,567,569
Meetings and travel	676,514	105,814	549,601	1,331,929	32,144	41,268	73,412	1,405,341
Equipment rental	2,996,827	45,827	219,034	3,261,688	18,966	141,218	160,184	3,421,872
Fulfillment and support	536,816	291,153	3,278,595	4,106,564	17,724	470,520	488,244	4,594,808
Financial service fee	-	-	823	823	23	-	23	846
Office and administrative	1,057,807	313,959	832,365	2,204,131	1,085,535	97,140	1,182,675	3,386,806
Aircraft expenses	222,756	10,985	1,092,506	1,326,247	35,115	17,757	52,872	1,379,119
Maintenance and occupancy	1,279,678	12,073	792,750	2,084,501	168,585	21,134	189,719	2,274,220
Insurance	570,792	148,587	1,138,500	1,857,879	271,148	102,887	374,035	2,231,914
Depreciation	610,586	170,204	1,980,141	2,760,931	534,981	128,391	663,372	3,424,303
Total expenses	\$ 15,346,029	\$ 7,115,120	\$20,413,296	\$ 42,874,445	\$ 6,754,166	\$ 2,838,154	\$ 9,592,320	\$ 52,466,765

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

For the year ended February 28, 2023, functional expense consists of the following:

	Program Activities				Supporting Activities			Total
	AirVenture	Membership Services	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel	\$ 2,765,015	\$ 2,447,274	\$ 6,264,467	\$ 11,476,756	\$ 4,025,969	\$ 636,575	\$ 4,662,544	\$ 16,139,300
Cost of goods sold	49,237	530	1,750,149	1,799,916	4,529	20,131	24,660	1,824,576
Postage and printing	76,756	2,157,913	225,721	2,460,390	366,453	25,755	392,208	2,852,598
Marketing	287,531	13,394	173,073	473,998	122,977	73,442	196,419	670,417
Fees for services	3,367,174	388,950	900,906	4,657,030	1,025,254	236,148	1,261,402	5,918,432
Meetings and travel	754,255	129,060	467,195	1,350,510	46,134	27,146	73,280	1,423,790
Equipment rental	2,783,485	8,269	191,126	2,982,880	24,011	96,683	120,694	3,103,574
Fulfillment and support	450,857	19,329	2,364,095	2,834,281	209,132	329,077	538,209	3,372,490
Financial service fee	-	-	892	892	-	-	-	892
Office and administrative	1,083,108	211,787	807,090	2,101,985	949,476	115,561	1,065,037	3,167,022
Aircraft expenses	281,415	28,177	1,012,999	1,322,591	36,806	3,979	40,785	1,363,376
Maintenance and occupancy	1,351,212	-	744,584	2,095,796	146,198	403	146,601	2,242,397
Insurance	558,261	138,023	1,073,025	1,769,309	253,982	138,990	392,972	2,162,281
Depreciation	592,285	76,819	989,071	1,658,175	245,390	21,128	266,518	1,924,693
Total expenses	\$ 14,400,591	\$ 5,619,525	\$ 16,964,393	\$ 36,984,509	\$ 7,456,311	\$ 1,725,018	\$ 9,181,329	\$ 46,165,838

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

NOTE P - LIQUIDITY

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds according to an approved investment policy that invests funds based on operational, short-term and long-term needs. The Association invests in liquid investments with no or limited redemption limitations. The Association has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and lines of credit. See Note F for information about the Association's lines of credit and Note M for information on investment instruments.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a budget that anticipates collecting sufficient revenue to cover general expenditures, debt service requirements and capital expenditures.

The following table reflects the Association's financial assets as of February 29, 2024 and February 28, 2023 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual or donor restrictions and board designations.

	February 29, 2024	February 28, 2023
	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 8,877,862	\$ 2,382,601
Investments	20,645,968	21,563,360
Accounts receivable	<u>572,400</u>	<u>697,219</u>
 Total financial assets	 30,096,230	 24,643,180
 Less: amounts not available to be used within one year		
Funds subject to time and purpose restrictions	<u>(1,022,009)</u>	<u>(1,167,901)</u>
	<u>\$ 29,074,221</u>	<u>\$ 23,475,279</u>

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in supporting the Association's current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and Association support commitments. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation's governing body meets annually to review and approve the Association's support commitments. See Note N for more information on the Foundation's endowments and spending policy. Due to this timing, the Foundation strives to maintain investments instruments available to meet annual general expenditures as noted above. See Note M for more information on investment instruments held by the Foundation and limitation on redemptions as noted.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

February 29, 2024 and February 28, 2023

The Foundation's governing board has designated its unrestricted resources for endowment and other purposes. Those amounts are identified as board designated. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. Therefore, these funds are included financial assets available to meet general expenditures within one year as noted in the table below:

	February 29, 2024	February 28, 2023
Cash and cash equivalents	\$ 567,162	\$ 1,666,730
Investments	40,394,910	34,467,255
Pledges receivable	727,335	851,575
Accounts receivable	114,336	-
	<hr/>	<hr/>
Total financial assets	41,803,743	36,985,560
Less: amounts not available to be used within one year:		
Endowments to be kept in perpetuity	(18,941,943)	(18,782,955)
Funds subject to time and purpose restrictions	(11,396,445)	(9,455,104)
	<hr/>	<hr/>
	\$ 11,465,355	\$ 8,747,501
	<hr/>	<hr/>

NOTE Q - SUBSEQUENT EVENTS

The Association and Foundation evaluated their February 29, 2024, consolidated financial statements for subsequent events through July 9, 2024, the date the consolidated financial statements were available to be issued. The Association and Foundation are not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

February 29, 2024

	Experimental Aircraft Association, Inc.*	EAA Aviation Foundation, Inc.	Eliminations	Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,877,862	\$ 567,162	\$ -	\$ 9,445,024
Accounts receivable, less allowance for credit losses of \$49,531	572,400	114,336	-	686,736
Accounts receivable - related parties	-	2,493,671	(2,493,671)	-
Current portion of pledges receivable, less allowance for uncollectible pledges of \$76,152	-	727,335	-	727,335
Inventories	1,310,563	-	-	1,310,563
Prepaid expenses	1,840,476	123,076	-	1,963,552
	<u>12,601,301</u>	<u>4,025,580</u>	<u>(2,493,671)</u>	<u>14,133,210</u>
Pledges receivable , less current portion, unamortized discount and allowance for uncollectible pledges of \$33,535	-	491,465	-	491,465
Investments - at fair value	20,645,968	40,394,910	-	61,040,878
Property and equipment				
Land improvements	6,934,813	762,855	-	7,697,668
Buildings	8,523,913	20,923,243	-	29,447,156
Leasehold improvements	24,153,357	-	-	24,153,357
Office furniture and fixtures	3,752,511	-	-	3,752,511
Computer equipment and software	7,316,959	-	-	7,316,959
Transportation and maintenance equipment	3,751,940	-	-	3,751,940
Museum display equipment	3,093,005	-	-	3,093,005
Aircraft equipment	99,927	-	-	99,927
Aircraft parts	1,010,016	-	-	1,010,016
Film library	152,574	-	-	152,574
Flyable aircraft	5,877,798	-	-	5,877,798
	<u>64,666,813</u>	<u>21,686,098</u>	<u>-</u>	<u>86,352,911</u>
Less accumulated depreciation and amortization	<u>36,061,748</u>	<u>11,236,497</u>	<u>-</u>	<u>47,298,245</u>
	28,605,065	10,449,601	-	39,054,666
Land	4,109,957	351,456	-	4,461,413
Capital addition projects in progress	1,433,483	198,370	-	1,631,853
	<u>34,148,505</u>	<u>10,999,427</u>	<u>-</u>	<u>45,147,932</u>
Other assets				
Operating lease right-of-use asset	29,950,978	-	(29,494,872)	456,106
Finance lease right-of-use asset, net	72,483	-	-	72,483
Collections	374,574	11,609,903	-	11,984,477
Beneficial interest in perpetual trust	-	3,536,021	-	3,536,021
Beneficial interest in split-interest agreements	-	210,845	-	210,845
Cash value of life insurance	-	67,350	-	67,350
	<u>30,398,035</u>	<u>15,424,119</u>	<u>(29,494,872)</u>	<u>16,327,282</u>
Total assets	<u>\$ 97,793,809</u>	<u>\$ 71,335,501</u>	<u>\$ (31,988,543)</u>	<u>\$ 137,140,767</u>

* Experimental Aircraft Association, Inc. balances are inclusive of Blue Sky Holdings, LLC and EAA STC, LLC.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

February 29, 2024

	Experimental Aircraft Association, Inc.*	EAA Aviation Foundation, Inc.	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS				
Current liabilities				
Current portion of long-term debt	\$ 600,000	\$ -	\$ -	\$ 600,000
Current portion of gift annuity liability	-	10,124	-	10,124
Accounts payable	1,564,893	62,779	-	1,627,672
Accounts payable - related parties	2,947,542	-	(2,493,671)	453,871
Accrued expenses and other payables	2,050,825	100,288	-	2,151,113
Current portion of unearned income	10,279,004	53,876	-	10,332,880
Current portion of operating lease obligations	402,153	-	(245,263)	156,890
Current portion of finance lease obligations	29,295	-	-	29,295
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	17,873,712	227,067	(2,738,934)	15,361,845
Operating lease obligations , less current portion	29,514,250	-	(29,249,609)	264,641
Finance lease obligations , less current portion	45,939	-	-	45,939
Long-term debt , less current portion	2,200,000	-	-	2,200,000
Gift annuity liability , less current portion	-	129,142	-	129,142
Unearned income , less current portion	10,440,732	-	-	10,440,732
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	60,074,633	356,209	(31,988,543)	28,442,299
Net assets				
Without donor restrictions	36,697,167	37,104,882	-	73,802,049
With donor restriction	1,022,009	33,874,410	-	34,896,419
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	37,719,176	70,979,292	-	108,698,468
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 97,793,809</u>	<u>\$ 71,335,501</u>	<u>\$ (31,988,543)</u>	<u>\$ 137,140,767</u>

* Experimental Aircraft Association, Inc. balances are inclusive of Blue Sky Holdings, LLC and EAA STC, LLC.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended February 29, 2024

	Experimental Aircraft Association, Inc. *			EAA Aviation Foundation, Inc.			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues, gains and other support								
Membership dues and subscriptions	\$ 6,753,374	\$ -	\$ 6,753,374	\$ -	\$ -	\$ -	\$ -	\$ 6,753,374
Advertising	2,291,729	-	2,291,729	-	-	-	-	2,291,729
Rentals	5,971,815	-	5,971,815	1,500,000	-	1,500,000	(1,500,000)	5,971,815
Admissions and registrations	16,731,599	-	16,731,599	-	-	-	-	16,731,599
Merchandise sales	4,039,344	-	4,039,344	-	-	-	-	4,039,344
Commissions and royalties	2,539,963	-	2,539,963	5,779	-	5,779	-	2,545,742
Investment return	1,585,843	-	1,585,843	1,303,993	3,043,452	4,347,445	-	5,933,288
Change in beneficial interests	-	-	-	-	514,875	514,875	-	514,875
Administrative fees	3,142,229	-	3,142,229	-	-	-	(1,535,808)	1,606,421
Donations, cash and pledges	4,984,255	-	4,984,255	3,975,889	5,975,979	9,951,868	(4,984,255)	9,951,868
Donations, contributed services and property	1,948,048	-	1,948,048	445,400	-	445,400	-	2,393,448
Donations, sponsorship	2,576,606	-	2,576,606	-	-	-	-	2,576,606
Gain (loss) on disposal of property and equipment	(58,559)	-	(58,559)	-	-	-	-	(58,559)
Miscellaneous	740,542	-	740,542	5,212	-	5,212	-	745,754
Net assets released from restrictions	1,102,948	(145,892)	957,056	5,912,703	(5,912,703)	-	(957,056)	-
Total revenues, gains and other support	54,349,736	(145,892)	54,203,844	13,148,976	3,621,603	16,770,579	(8,977,119)	61,997,304
Expenses								
AirVenture expenses	15,346,029	-	15,346,029	-	-	-	-	15,346,029
Membership services	7,115,120	-	7,115,120	-	-	-	-	7,115,120
Other program expenses	21,652,657	-	21,652,657	6,144,894	-	6,144,894	(7,384,255)	20,413,296
Management and general	6,305,142	-	6,305,142	841,555	-	841,555	(392,531)	6,754,166
Fundraising	1,064,394	-	1,064,394	2,019,760	(2,723)	2,017,037	(243,277)	2,838,154
Foundation to association investment income transfer	-	-	-	957,056	-	957,056	(957,056)	-
Total expenses	51,483,342	-	51,483,342	9,963,265	(2,723)	9,960,542	(8,977,119)	52,466,765
CHANGE IN NET ASSETS	2,866,394	(145,892)	2,720,502	3,185,711	3,624,326	6,810,037	-	9,530,539
Net assets at beginning of year	33,830,773	1,167,901	34,998,674	33,919,171	30,250,084	64,169,255	-	99,167,929
Net assets at end of year	\$ 36,697,167	\$ 1,022,009	\$ 37,719,176	\$ 37,104,882	\$ 33,874,410	\$ 70,979,292	\$ -	\$ 108,698,468

* Experimental Aircraft Association, Inc. balances are inclusive of Blue Sky Holdings, LLC and EAA STC, LLC.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

February 28, 2023

	Experimental Aircraft Association, Inc.*	EAA Aviation Foundation, Inc.	Eliminations	Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,382,601	\$ 1,666,730	\$ -	\$ 4,049,331
Accounts receivable, less allowance for credit losses of \$54,592	697,219	-	-	697,219
Accounts receivable - related parties	-	1,223,333	(1,223,333)	-
Current portion of pledges receivable, less allowance for uncollectible pledges of \$74,951	-	851,575	-	851,575
Inventories	1,423,166	-	-	1,423,166
Prepaid expenses	1,832,847	188,009	-	2,020,856
Total current assets	6,335,833	3,929,647	(1,223,333)	9,042,147
Pledges receivable , less current portion, unamortized discount and allowance for uncollectible pledges of \$67,291	-	315,209	-	315,209
Investments - at fair value	21,563,360	34,467,255	-	56,030,615
Property and equipment				
Land improvements	6,645,385	622,662	-	7,268,047
Buildings	8,302,007	13,488,581	-	21,790,588
Leasehold improvements	23,532,537	-	-	23,532,537
Office furniture and fixtures	3,219,463	-	-	3,219,463
Computer equipment and software	8,949,301	-	-	8,949,301
Transportation and maintenance equipment	3,497,290	-	-	3,497,290
Museum display equipment	3,093,005	-	-	3,093,005
Aircraft equipment	85,510	-	-	85,510
Aircraft parts	1,106,253	-	-	1,106,253
Film library	152,574	-	-	152,574
Flyable aircraft	3,362,335	-	-	3,362,335
	61,945,660	14,111,243	-	76,056,903
Less accumulated depreciation and amortization	35,560,637	10,834,600	-	46,395,237
	26,385,023	3,276,643	-	29,661,666
Land	4,109,957	351,456	-	4,461,413
Capital addition projects in progress	1,504,115	7,630,010	-	9,134,125
Net property and equipment	31,999,095	11,258,109	-	43,257,204
Other assets				
Operating lease right-of-use asset	1,776,159	-	(1,000,687)	775,472
Finance lease right-of-use asset, net	101,126	-	-	101,126
Collections	1,954,241	11,322,288	-	13,276,529
Beneficial interest in perpetual trust	-	3,041,588	-	3,041,588
Beneficial interest in split-interest agreements	-	190,402	-	190,402
Cash value of life insurance	-	70,564	-	70,564
Total other assets	3,831,526	14,624,842	(1,000,687)	17,455,681
Total assets	\$ 63,729,814	\$ 64,595,062	\$ (2,224,020)	\$ 126,100,856

* Experimental Aircraft Association, Inc. balances are inclusive of Blue Sky Holdings, LLC and EAA STC, LLC.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

February 28, 2023

	Experimental Aircraft Association, Inc.*	EAA Aviation Foundation, Inc.	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS				
Current liabilities				
Current portion of long-term debt	\$ 600,000	\$ -	\$ -	\$ 600,000
Current portion of gift annuity liability	-	10,124	-	10,124
Accounts payable	1,133,557	143,485	-	1,277,042
Accounts payable - related parties	1,443,069	-	(1,223,333)	219,736
Accrued expenses and other payables	2,393,149	102,970	-	2,496,119
Current portion of unearned income	9,220,039	34,700	-	9,254,739
Current portion of operating lease obligations	1,273,879	-	(1,000,687)	273,192
Current portion of finance lease obligations	28,279	-	-	28,279
	<u>16,091,972</u>	<u>291,279</u>	<u>(2,224,020)</u>	<u>14,159,231</u>
Operating lease obligations , less current portion	421,535	-	-	421,535
Finance lease obligations , less current portion	75,234	-	-	75,234
Long-term debt , less current portion	2,800,000	-	-	2,800,000
Gift annuity liability , less current portion	-	134,528	-	134,528
Unearned income , less current portion	9,342,399	-	-	9,342,399
	<u>28,731,140</u>	<u>425,807</u>	<u>(2,224,020)</u>	<u>26,932,927</u>
Net assets				
Without donor restrictions	33,830,773	33,919,171	-	67,749,944
With donor restriction	1,167,901	30,250,084	-	31,417,985
	<u>34,998,674</u>	<u>64,169,255</u>	<u>-</u>	<u>99,167,929</u>
	<u>\$ 63,729,814</u>	<u>\$ 64,595,062</u>	<u>\$ (2,224,020)</u>	<u>\$ 126,100,856</u>

* Experimental Aircraft Association, Inc. balances are inclusive of Blue Sky Holdings, LLC and EAA STC, LLC.

Experimental Aircraft Association, Inc. and EAA Aviation Foundation, Inc.

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended February 28, 2023

	Experimental Aircraft Association, Inc. *			EAA Aviation Foundation, Inc.			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues, gains and other support								
Membership dues and subscriptions	\$ 6,303,479	\$ -	\$ 6,303,479	\$ -	\$ -	\$ -	\$ -	\$ 6,303,479
Advertising	2,180,603	-	2,180,603	-	-	-	-	2,180,603
Rentals	5,498,217	-	5,498,217	1,009,703	-	1,009,703	(1,009,703)	5,498,217
Admissions and registrations	14,006,085	-	14,006,085	-	-	-	-	14,006,085
Merchandise sales	3,372,542	-	3,372,542	-	-	-	-	3,372,542
Commissions and royalties	2,358,074	-	2,358,074	4,058	-	4,058	-	2,362,132
Investment return	(810,969)	-	(810,969)	(780,587)	(1,062,545)	(1,843,132)	-	(2,654,101)
Change in beneficial interests	-	-	-	-	(602,384)	(602,384)	-	(602,384)
Administrative fees	2,828,617	-	2,828,617	-	-	-	(1,232,814)	1,595,803
Donations, cash and pledges	4,636,741	-	4,636,741	4,248,037	5,180,177	9,428,214	(4,636,641)	9,428,314
Donations, contributed services and property	1,284,036	-	1,284,036	247,591	(30,670)	216,921	-	1,500,957
Donations, sponsorship	2,559,359	-	2,559,359	-	-	-	-	2,559,359
Gain (loss) on disposal of property and equipment	36,872	-	36,872	(162,591)	-	(162,591)	-	(125,719)
Miscellaneous	479,196	-	479,196	995	-	995	-	480,191
Net assets released from restrictions	1,254,176	(152,137)	1,102,039	3,737,992	(3,737,992)	-	(1,102,039)	-
Total revenues, gains and other support	45,987,028	(152,137)	45,834,891	8,305,198	(253,414)	8,051,784	(7,981,197)	45,905,478
Expenses								
AirVenture expenses	14,399,611	-	14,399,611	980	-	980	-	14,400,591
Membership services	5,619,525	-	5,619,525	-	-	-	-	5,619,525
Other program expenses	17,770,878	-	17,770,878	5,725,158	-	5,725,158	(6,531,643)	16,964,393
Management and general	7,200,925	-	7,200,925	396,810	-	396,810	(141,424)	7,456,311
Fundraising	581,853	-	581,853	1,325,987	23,269	1,349,256	(206,091)	1,725,018
Foundation to association investment income transfer	-	-	-	1,102,039	-	1,102,039	(1,102,039)	-
Total expenses	45,572,792	-	45,572,792	8,550,974	23,269	8,574,243	(7,981,197)	46,165,838
CHANGE IN NET ASSETS	414,236	(152,137)	262,099	(245,776)	(276,683)	(522,459)	-	(260,360)
Net assets at beginning of year	33,416,537	1,320,038	34,736,575	34,164,947	30,526,767	64,691,714	-	99,428,289
Net assets at end of year	\$ 33,830,773	\$ 1,167,901	\$ 34,998,674	\$ 33,919,171	\$ 30,250,084	\$ 64,169,255	\$ -	\$ 99,167,929

* Experimental Aircraft Association, Inc. balances are inclusive of Blue Sky Holdings, LLC and EAA STC, LLC.

Experimental Aircraft Association, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,877,862	\$ 2,382,601
Accounts receivable, less allowance for credit losses of \$49,531 in 2024 and \$54,592 in 2023	572,400	697,219
Inventories	1,310,563	1,423,166
Prepaid expenses	<u>1,840,476</u>	<u>1,832,847</u>
Total current assets	12,601,301	6,335,833
Investments - at fair value	20,645,968	21,563,360
Property and equipment		
Land improvements	6,934,813	6,645,385
Buildings	8,523,913	8,302,007
Leasehold improvements	24,153,357	23,532,537
Office furniture and fixtures	3,752,511	3,219,463
Computer equipment and software	7,316,959	8,949,301
Transportation and maintenance equipment	3,751,940	3,497,290
Museum display equipment	3,093,005	3,093,005
Aircraft equipment	99,927	85,510
Aircraft parts	1,010,016	1,106,253
Film library	152,574	152,574
Flyable aircraft	<u>5,877,798</u>	<u>3,362,335</u>
Total property and equipment	64,666,813	61,945,660
Less accumulated depreciation and amortization	<u>36,061,748</u>	<u>35,560,637</u>
	28,605,065	26,385,023
Land	4,109,957	4,109,957
Capital addition projects in progress	<u>1,433,483</u>	<u>1,504,115</u>
Net property and equipment	34,148,505	31,999,095
Other assets		
Operating lease right-of-use asset	29,950,978	1,776,159
Finance lease right-of-use asset, net	72,483	101,126
Collections	<u>374,574</u>	<u>1,954,241</u>
Total other assets	<u>30,398,035</u>	<u>3,831,526</u>
Total assets	<u>\$ 97,793,809</u>	<u>\$ 63,729,814</u>

Experimental Aircraft Association, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED

	February 29, 2024	February 28, 2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	\$ 600,000	\$ 600,000
Accounts payable	1,564,893	1,133,557
Accounts payable - related parties	2,947,542	1,443,069
Accrued expenses and other payables	2,050,825	2,393,149
Current portion of unearned income	10,279,004	9,220,039
Current portion of operating lease obligations	402,153	1,273,879
Current portion of finance lease obligations	29,295	28,279
	<hr/>	<hr/>
Total current liabilities	17,873,712	16,091,972
Operating lease obligations , less current portion	29,514,250	421,535
Finance lease obligations , less current portion	45,939	75,234
Long-term debt , less current portion	2,200,000	2,800,000
Unearned income , less current portion	10,440,732	9,342,399
	<hr/>	<hr/>
Total liabilities	60,074,633	28,731,140
Net assets		
Without donor restrictions	36,697,167	33,830,773
With donor restriction	1,022,009	1,167,901
	<hr/>	<hr/>
Total net assets	37,719,176	34,998,674
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 97,793,809</u>	<u>\$ 63,729,814</u>

Experimental Aircraft Association, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended February 29, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Membership dues and subscriptions	\$ 6,753,374	\$ -	\$ 6,753,374
Advertising	2,291,729	-	2,291,729
Rentals	5,971,815	-	5,971,815
Admissions and registrations	16,731,599	-	16,731,599
Merchandise sales	4,039,344	-	4,039,344
Commissions and royalties	2,539,963	-	2,539,963
Investment return	1,585,843	-	1,585,843
Administrative fees	3,142,229	-	3,142,229
Donations, cash and pledges	4,984,255	-	4,984,255
Donations, contributed services and property	1,948,048	-	1,948,048
Donations, sponsorship	2,576,606	-	2,576,606
Gain on disposal of property and equipment	(58,559)	-	(58,559)
Miscellaneous	740,542	-	740,542
Net assets released from restrictions	1,102,948	(145,892)	957,056
	<u>54,349,736</u>	<u>(145,892)</u>	<u>54,203,844</u>
Total revenues, gains and other support			
Expenses			
AirVenture expenses	15,346,029	-	15,346,029
Membership services	7,115,120	-	7,115,120
Other program expenses	21,652,657	-	21,652,657
Management and general	6,305,142	-	6,305,142
Fundraising	1,064,394	-	1,064,394
	<u>51,483,342</u>	<u>-</u>	<u>51,483,342</u>
Total expenses			
	<u>2,866,394</u>	<u>(145,892)</u>	<u>2,720,502</u>
CHANGE IN NET ASSETS			
Net assets at beginning of year	<u>33,830,773</u>	<u>1,167,901</u>	<u>34,998,674</u>
Net assets at end of year	<u>\$ 36,697,167</u>	<u>\$ 1,022,009</u>	<u>\$ 37,719,176</u>

Experimental Aircraft Association, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended February 28, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Membership dues and subscriptions	\$ 6,303,479	\$ -	\$ 6,303,479
Advertising	2,180,603	-	2,180,603
Rentals	5,498,217	-	5,498,217
Admissions and registrations	14,006,085	-	14,006,085
Merchandise sales	3,372,542	-	3,372,542
Commissions and royalties	2,358,074	-	2,358,074
Investment return	(810,969)	-	(810,969)
Administrative fees	2,828,617	-	2,828,617
Donations, cash and pledges	4,636,741	-	4,636,741
Donations, contributed services and property	1,284,036	-	1,284,036
Donations, sponsorship	2,559,359	-	2,559,359
Gain on disposal of property and equipment	36,872	-	36,872
Miscellaneous	479,196	-	479,196
Net assets released from restrictions	1,254,176	(152,137)	1,102,039
	<u>45,987,028</u>	<u>(152,137)</u>	<u>45,834,891</u>
Total revenues, gains and other support			
	45,987,028	(152,137)	45,834,891
Expenses			
AirVenture expenses	14,399,611	-	14,399,611
Membership services	5,619,525	-	5,619,525
Other program expenses	17,770,878	-	17,770,878
Management and general	7,200,925	-	7,200,925
Fundraising	581,853	-	581,853
	<u>45,572,792</u>	<u>-</u>	<u>45,572,792</u>
Total expenses			
	45,572,792	-	45,572,792
CHANGE IN NET ASSETS	<u>414,236</u>	<u>(152,137)</u>	<u>262,099</u>
Net assets at beginning of year	<u>33,416,537</u>	<u>1,320,038</u>	<u>34,736,575</u>
Net assets at end of year	<u>\$ 33,830,773</u>	<u>\$ 1,167,901</u>	<u>\$ 34,998,674</u>

EAA Aviation Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

	February 29, 2024	February 28, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 567,162	\$ 1,666,730
Accounts receivable	114,336	1,223,333
Accounts receivable - related parties	2,493,671	-
Current portion of pledges receivable, less allowance for uncollectible pledges of \$76,152 in 2023 and \$74,951 in 2023	727,335	851,575
Prepaid expenses	123,076	188,009
	4,025,580	3,929,647
Pledges receivable , less current portion, unamortized discount and allowance for uncollectible pledges of \$33,535 in 2023 and \$67,291 in 2023	491,465	315,209
Investments - at fair value	40,394,910	34,467,255
Property and equipment		
Land improvements	762,855	622,662
Buildings	20,923,243	13,488,581
	21,686,098	14,111,243
Less accumulated depreciation and amortization	11,236,497	10,834,600
	10,449,601	3,276,643
Land	351,456	351,456
Capital addition projects in progress	198,370	7,630,010
	10,999,427	11,258,109
Other assets		
Collections	11,609,903	11,322,288
Beneficial interest in perpetual trust	3,536,021	3,041,588
Beneficial interest in split-interest agreements	210,845	190,402
Cash value of life insurance	67,350	70,564
	15,424,119	14,624,842
Total assets	\$ 71,335,501	\$ 64,595,062

EAA Aviation Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION - CONTINUED

	February 29, 2024	February 28, 2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of gift annuity liability	\$ 10,124	\$ 10,124
Accounts payable	62,779	143,485
Accrued expenses and other payables	100,288	102,970
Current portion of unearned income	53,876	34,700
Total current liabilities	227,067	291,279
Gift annuity liability , less current portion	129,142	134,528
Total liabilities	356,209	425,807
Net assets		
Without donor restrictions	37,104,882	33,919,171
With donor restrictions	33,874,410	30,250,084
Total net assets	70,979,292	64,169,255
Total liabilities and net assets	<u>\$ 71,335,501</u>	<u>\$ 64,595,062</u>

EAA Aviation Foundation, Inc.

STATEMENT OF ACTIVITIES

For the year ended February 29, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Rentals	\$ 1,500,000	\$ -	\$ 1,500,000
Commissions and royalties	5,779	-	5,779
Investment return	1,303,993	3,043,452	4,347,445
Change in beneficial interests	-	514,875	514,875
Donations, cash and pledges	3,975,889	5,975,979	9,951,868
Donations, contributed services and property	445,400	-	445,400
Miscellaneous	5,212	-	5,212
Net assets released from restrictions	5,912,703	(5,912,703)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	13,148,976	3,621,603	16,770,579
Expenses			
Other program expenses	6,144,894	-	6,144,894
Management and general	841,555	-	841,555
Fundraising	2,019,760	(2,723)	2,017,037
Foundation to Association investment income transfer	957,056	-	957,056
	<hr/>	<hr/>	<hr/>
Total expenses	9,963,265	(2,723)	9,960,542
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	3,185,711	3,624,326	6,810,037
	<hr/>	<hr/>	<hr/>
Net assets at beginning of year	33,919,171	30,250,084	64,169,255
	<hr/>	<hr/>	<hr/>
Net assets at end of year	<u>\$ 37,104,882</u>	<u>\$ 33,874,410</u>	<u>\$ 70,979,292</u>

EAA Aviation Foundation, Inc.

STATEMENT OF ACTIVITIES

For the year ended February 28, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Rentals	\$ 1,009,703	\$ -	\$ 1,009,703
Commissions and royalties	4,058	-	4,058
Investment return	(780,587)	(1,062,545)	(1,843,132)
Change in beneficial interests	-	(602,384)	(602,384)
Donations, cash and pledges	4,248,037	5,180,177	9,428,214
Donations, contributed services and property	247,591	(30,670)	216,921
Loss on disposal of property and equipment	(162,591)	-	(162,591)
Miscellaneous	995	-	995
Net assets released from restrictions	<u>3,737,992</u>	<u>(3,737,992)</u>	<u>-</u>
Total revenues, gains and other support	8,305,198	(253,414)	8,051,784
Expenses			
AirVenture expenses	980	-	980
Other program expenses	5,725,158	-	5,725,158
Management and general	396,810	-	396,810
Fundraising	1,325,987	23,269	1,349,256
Foundation to Association investment income transfer	<u>1,102,039</u>	<u>-</u>	<u>1,102,039</u>
Total expenses	<u>8,550,974</u>	<u>23,269</u>	<u>8,574,243</u>
CHANGE IN NET ASSETS	<u>(245,776)</u>	<u>(276,683)</u>	<u>(522,459)</u>
Net assets at beginning of year	<u>34,164,947</u>	<u>30,526,767</u>	<u>64,691,714</u>
Net assets at end of year	<u><u>\$ 33,919,171</u></u>	<u><u>\$ 30,250,084</u></u>	<u><u>\$ 64,169,255</u></u>