

**MICHIGAN AEROSPACE FOUNDATION, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

**MICHIGAN AEROSPACE FOUNDATION, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008**

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# Criss, Wilmarth & Parr, P.C.

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Donald D. Criss, CPA  
Denise Wilmarth, CPA  
Gayl N. Parr, CPA

## INDEPENDENT AUDITOR'S REPORT


Board of Directors  
Michigan Aerospace Foundation, Inc.  
Ann Arbor, Michigan

We have audited the accompanying statements of assets, liabilities, and net assets – cash basis of Michigan Aerospace Foundation, Inc., (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of revenue, expenses and other changes in net assets – cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets – cash basis of Michigan Aerospace Foundation, Inc., as of December 31, 2009 and 2008 and its revenue, expenses and other changes in net assets – cash basis for the year then ended on the basis of accounting described in Note 1.

  
Criss, Wilmarth & Parr, P.C.  
Belleville, Michigan

February 15, 2010

**MICHIGAN AEROSPACE FOUNDATION, INC.**  
Statement of Assets, Liabilities and Net Assets - Cash Basis  
As of December 31, 2009 and 2008

**ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Current Assets</b>		
Cash (Note 1)	\$ 110,957	\$ 616,256
Certificates of Deposit	<u>253,486</u>	<u>                    </u>
<b>Total Current Assets</b>	<u>364,443</u>	<u>616,256</u>
<b>Other Assets</b>		
Website Development (Note 1)	8,838	8,838
Less Amortization of Website	<u>(3,437)</u>	<u>(491)</u>
Website Development (net of amortization)	5,401	8,347
Community Foundation (Note 6)	<u>25,000</u>	<u>25,000</u>
<b>Total Other Assets</b>	<u>30,401</u>	<u>33,347</u>
<b>Total Assets</b>	<u>\$ 394,844</u>	<u>\$ 649,603</u>

**LIABILITIES AND NET ASSETS**

<b>Net Assets and Equity</b>		
Unrestricted Assets	386,844	597,603
Temporarily Restricted Net Assets (Note 3)	<u>8,000</u>	<u>52,000</u>
<b>Total Net Assets</b>	<u>394,844</u>	<u>649,603</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 394,844</u>	<u>\$ 649,603</u>

**MICHIGAN AEROSPACE FOUNDATION, INC.**  
Statement of Revenues, Expenses and Other Changes in Net Assets - Cash Basis  
For the Year Ended December 31, 2009 and 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL 2009</u>	<u>TOTAL 2008</u>
<b>Support, Gains and Other Revenues</b>				
<b>Contributions</b>				
Individuals & Other Organizations (Notes 1, 3)	\$ 20,621	\$ 5,000	\$ 25,621	\$ 232,288
Grants		1,000	1,000	26,974
Interest Income	<u>11,221</u>		<u>11,221</u>	<u>28,745</u>
<b>Total Public Support</b>	31,842	6,000	37,842	288,007
<b>Other Revenues</b>				
Non Program Sales	<u>48</u>		<u>48</u>	
<b>Total Other Revenues</b>	<u>48</u>		<u>48</u>	
<b>Total Support, Gains and Other Revenues</b>	31,890	6,000	37,890	288,007
<b>Expenses and Other Charges</b>				
<b>Program Services:</b>				
Rebuild Air Museum (Notes 1, 4)	118,786		118,786	472,345
Funding for Yankee Air Museum (Note 2)				500
Grants to Other Organizations (Notes 3, 6)		<u>50,000</u>	<u>50,000</u>	
<b>Total Program Services</b>	118,786	50,000	168,786	472,845
<b>Supporting Services:</b>				
General & Administrative	21,593		21,593	10,152
Fundraising Costs (Note 5)	<u>102,270</u>		<u>102,270</u>	<u>102,883</u>
<b>Total Supporting Services</b>	<u>123,863</u>		<u>123,863</u>	<u>113,035</u>
<b>Total Expenses &amp; Other Charges</b>	<u>242,649</u>	<u>50,000</u>	<u>292,649</u>	<u>585,880</u>
<b>Change in Net Assets</b>	(210,759)	(44,000)	(254,759)	(297,873)
<b>Net Assets, Beginning of Year</b>	<u>597,603</u>	<u>52,000</u>	<u>649,603</u>	<u>947,476</u>
<b>Net Assets, End of Year</b>	<u>\$ 386,844</u>	<u>\$ 8,000</u>	<u>\$ 394,844</u>	<u>\$ 649,603</u>

**MICHIGAN AEROSPACE FOUNDATION, INC.**

Notes to the Financial Statements

December 31, 2009 and 2008

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Organization was established to provide the fundraising activities for the development and expansion of an aerospace museum at Willow Run Airport, and, due to a fire, to replace the facilities destroyed. Michigan Aerospace Foundation, Inc. is a not-for-profit organization exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code.

Activities included in these financial statements are the general operating activities of the Organization.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from generally accepted accounting principles primarily because the Organization has not recognized donations receivable from donors, contributions receivable from third party solicitors, and accounts payable and their related effects on the change in net assets, and recording depreciation and amortization on fixed assets.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its assets, liabilities and net assets and support, revenue and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets result from donor restrictions to provide programs to assist low-to-moderate income families and specific projects relating to the rebuilding of the museum. The Organization has no permanently restricted net assets.

Revenue Recognition

Revenue and expenses are recorded on the cash basis. Revenue is recognized when it is received by the Organization.

**MICHIGAN AEROSPACE FOUNDATION, INC.**  
Notes to the Financial Statements  
December 31, 2009 and 2008

**NOTE 1 – CONTINUED**

Donated Services

A significant portion of the Organization's functions is conducted by unpaid volunteer officers and committees. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization has received donated materials and services relating to construction of the new Museum. The donated materials and services are valued at \$2,730 for the year ended December 31, 2009 and are included in contributions and expenses in the statement of revenues, expenses and other changes in net assets.

Cash and Cash Equivalents

All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents. Cash and cash equivalents include the following:

	<u>2009</u>	<u>2008</u>
Cash	\$ 8,659	\$ 6,815
Savings – Unrestricted	94,298	557,441
Savings – Temporarily Restricted	8,000	52,000
Total	<u>\$ 110,957</u>	<u>\$ 616,256</u>

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation or amortization is provided using the straight-line method over the estimated useful lives of the assets. Intangible software is amortized over three (3) years.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**MICHIGAN AEROSPACE FOUNDATION, INC.**

Notes to the Financial Statements

December 31, 2009 and 2008

**NOTE 2 – AFFILIATED ORGANIZATIONS**

The Organization has an agreement of understanding with the Yankee Air Museum to provide fundraising for the planning, construction, maintenance and operation of the Museum.

As part of the Organization's fundraising efforts, money is donated for the rebuilding of the Museum. During 2009 and 2008, The Board of Directors approved grants to the Yankee Air Museum and issued funds of \$500 to purchase equipment during 2008.

**NOTE 3 – TEMPORARY RESTRICTIONS ON NET ASSETS**

At the end of December 2009 and 2008, the Organization had several contributions that were restricted to specific purposes. The Organization received funds of \$2,000 in December 2004 to be used for programs assisting low-to-moderate income families. Currently, the restriction has not been fulfilled on this contribution and the funds remain restricted.

The Organization received \$50,000 of funds in 2006 to support the children's educational facilities at the new Yankee Air Museum. The funds are to be used to provide equipment, materials, displays and other exhibition materials for the Museum, once it has been established. During 2008, the Organization fulfilled the restriction by providing the funds to the Yankee Air Museum to expend for educational programs.

The Organization received contributions in 2009 restricted to the building of a new hangar for the museum. The hangar project is expected to be a long-term project and is currently in the design phase. As of December 31, 2009, none of these funds have been expended, and the contributions remain restricted.

**NOTE 4 – CONTRACTS AND FUTURE OBLIGATIONS**

As part of the Organization's agreement with the Yankee Air Museum, the Organization has contracted with engineering consultants and general contractors to provide services toward the reconstruction of the Yankee Air Museum. These contracts are for specific services, such as topographical surveys, development of a master plan, relocation and restoration of the Willow Run Schoolhouse and construction of the new air museum. Payment is due as the contract is completed, and therefore, at the end of the year, some contracts may not be completed. The Organization's obligations are approximately \$0 and \$51,550 at the end of 2009 and 2008, and it has spent \$118,786 and \$472,345 during the years ended December 31, 2009 and 2008 on engineering and construction projects to rebuild the Museum.

**MICHIGAN AEROSPACE FOUNDATION, INC.**

Notes to the Financial Statements

December 31, 2009 and 2008

**NOTE 5 – FUNDRAISING ACTIVITIES**

The Organization has contracted with a professional fundraising company to raise funds to complete the restoration of the Yankee Air Museum. The firm, RM Rosebush & Company will work with the Organization's Board of Directors to develop and implement a plan for fundraising, as well as identify potential gifting sources.

The contract with RM Rosebush & Company is for a one year term. Fees for these services are \$8,500 per month, plus expenses. For the years ended December 31, 2009 and 2008, the Organization paid \$102,000 and \$102,000 in fees and expenses.

**NOTE 6 –GRANTS TO OTHER ORGANIZATIONS**

The Organizations has created a reciprocal transfer of assets to an endowment fund with the Community Foundation of Southeast Michigan. The Organization is the beneficiary of the endowment, and can receive the assets, the return on investment of the assets, or both back from the endowment fund. Contributors can make donations on behalf of the Organization, which, through the Community Foundation, are eligible for a matching grant from the Community Foundation. The Organization can receive a grant of 5% of the fund's value, or leave the grant in the endowment fund. SFAS No. 136 *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, requires that as the beneficiary of the endowment fund, the Organization report the investment at fair value. As discussed in Note 1, the Organization reports on a modified cash basis method of accounting, which is not in accordance with generally accepted accounting principles, and reports the asset at cost. The fair market value of the fund at December 31, 2009 and 2008 is \$27,442 and \$22,987, respectively.

**NOTE 7 –CONCENTRATION OF CREDIT RISK**

At various times during the year ended December 31, 2009 and 2008 the organization had more funds on deposit at one financial institution than the amount insured by the Federal Deposit Insurance Corporation. Management regularly monitors the financial condition of the banking institutions, along with their balances in cash and tries to keep these potential risks to a minimum. Funds have been deposited in several different banking institutions to minimize the risk. In the opinion of management, this does not represent unusual risk. At December 31, 2009, there were no amounts at risk, (in excess of \$250,000), and at December 31, 2008, the amount at risk was \$8,781.

**MICHIGAN AEROSPACE FOUNDATION, INC.**  
Notes to the Financial Statements  
December 31, 2009 and 2008

**NOTE 8 – PROMISES TO GIVE**

As part of the Organizations fund-raising activities, the Organization has received promises to give from various corporations. As discussed in Note 1, the Organization reports financial activity on a modified cash basis method of accounting, which is not in accordance with generally accepted accounting principles, and therefore does not report promises to give as a receivable.

Unconditional promises to give at December 31, 2009 are as follows:

Unrestricted contributions:	<u>\$1,005,700</u>
To be received in less than one year:	\$ 128,200
To be received in one to five years	627,500
To be received in more than five years	<u>250,000</u>
Total unconditional promises to give	<u>\$1,005,700</u>

Conditional promises to give at December 31, 2009 are as follows:

Additional corporate support is secured, and the social history of Detroit related to the war era is prominently featured at the museum	<u>\$ 50,000</u>
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As part of a corporate contribution received in 2006, the corporation has pledged future contributions. The pledge provided for a gift of \$500,000, which was received in 2007, and future gifts of \$125,000 per year for eight years after 2007. Due to economic pressures, the expected contributions of \$125,000 for 2009 and 2008 were not received by the Organization, however, the management of the Organization anticipates that the promise will be fulfilled.



# Criss, Wilmarth & Parr, P.C.

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Donald D. Criss, CPA  
Denise Wilmarth, CPA  
Gayl N. Parr, CPA

## Independent Auditors' Report to Supplementary Information

To The Board of Directors  
Michigan Aerospace Foundation, Inc.  
Ann Arbor, Michigan

Our examination of the financial statements of Michigan Aerospace Foundation, Inc., for the year ended December 31, 2009 and 2008 was intended primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole. The supplementary information presented in the following pages has been taken primarily from accounting and other records of the Organization and is not, in our opinion, necessary for fair presentation of its financial position or results of operations. Such information has not been subjected to tests and other auditing procedures sufficient to enable us to express an opinion as to the fairness of all the details of the supplementary information.

Criss, Wilmarth & Parr, P.C.  
Certified Public Accountants

February 15, 2010

**MICHIGAN AEROSPACE FOUNDATION, INC.**  
**General and Administrative Expenses**  
**For the Year Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Accounting & Legal Fees	\$ 3,380	\$ 2,500
Advertising	600	1,000
Amortization	2,946	\$ 491
Supplies		655
Postage, Shipping & Delivery	842	1,191
Mailing Services	323	
Bank Charges	145	
Printing & Copying		993
Conferences & Conventions	742	358
Insurance	1,808	822
Computer Services & Software	931	678
Event Expense	9,536	1,259
Miscellaneous	<u>340</u>	<u>205</u>
	<u>\$ 21,593</u>	<u>\$ 10,152</u>