USS Missouri Memorial Association, Inc.

Financial Statements
December 31, 2025 and 2024
Together with Independent Auditor's Report

Independent Auditor's Report

To the Board of Directors of
USS Missouri Memorial Association, Inc.:

Opinion

We have audited the financial statements of USS Missouri Memorial Association, Inc. (the Association), which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Association 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

KMH LLP

KMH LLP

Honolulu, Hawaii
May 8, 2026

USS Missouri Memorial Association, Inc.

Statements of Financial Position
December 31, 2025 and 2024

Assets

	2025	2024
Cash and Cash Equivalents	$ 3,427,798	$ 3,098,121
Cash, With Donor Restrictions	303,787	193,798
Accounts Receivable, Net of Allowance for Credit Losses of $5,000 in 2025 and 2024	2,264,363	2,156,498
Prepaid Expenses and Other Assets	336,639	329,271
Total Current Assets	6,332,587	5,777,688
Investments Board Designated for Ship Preservation	27,871,837	24,507,600
Equipment and Shipboard Improvements, net	21,748,788	21,801,350
Total Assets	$ 55,953,212	$ 52,086,638

Liabilities and Net Assets

	2025	2024
Liabilities:		
Accounts Payable	$ 1,013,532	$ 895,386
Accrued Expenses	692,366	728,214
Total Current Liabilities	1,705,898	1,623,600
Deferred Rent	213,775	227,135
Commitments and Contingencies		
Net Assets:		
Without Donor Restrictions:		
Undesignated	4,109,127	3,733,155
Investments Board Designated for Ship Preservation	27,871,837	24,507,600
Invested in Equipment and Shipboard Improvements	21,748,788	21,801,350
Total Without Donor Restrictions	53,729,752	50,042,105
With Donor Restrictions	303,787	193,798
Total Net Assets	54,033,539	50,235,903
Total Liabilities and Net Assets	$ 55,953,212	$ 52,086,638

See accompanying notes to financial statements.

USS Missouri Memorial Association, Inc.

Statements of Activities
For the Years Ended December 31, 2025 and 2024

	2025	2024
Changes in Net Assets Without Donor Restrictions:		
Revenue and Support:		
Ticket Sales	$ 14,919,981	$ 14,758,109
Commissions	1,643,442	1,704,733
Special Events and Other	508,226	574,946
Education	248,686	232,906
Contributions	164,052	255,287
Other Income	45,722	35,443
Total Revenues Without Donor Restrictions	17,530,109	17,561,424
Net Assets Released From Restrictions	683,477	46,987
Total Revenues Without Donor Restrictions and Other Support	18,213,586	17,608,411
Expenses:		
Program Services	16,666,241	15,036,161
Management and General	1,359,697	1,240,249
Fundraising	19,247	20,501
Total Expenses	18,045,185	16,296,911
Revenue and Support Less Expenses	168,401	1,311,500
Net Investment Return	3,519,246	1,960,366
Increase in Net Assets Without Donor Restrictions	3,687,647	3,271,866
Changes in Net Assets With Donor Restrictions:		
Contributions	793,466	187,196
Net Assets Released From Restrictions	(683,477)	(46,987)
Increase in Net Assets With Donor Restrictions	109,989	140,209
Increase in Net Assets	3,797,636	3,412,075
Net Assets, Beginning of Year	50,235,903	46,823,828
Net Assets, End of Year	$ 54,033,539	$ 50,235,903

See accompanying notes to financial statements.

USS Missouri Memorial Association, Inc.

Statements of Functional Expenses
For the Years Ended December 31, 2025 and 2024

	Program Services	Management and General	Fundraising	Total
2025:				
Payroll and Related Costs	$ 7,175,632	$ 924,077	$ -	$ 8,099,709
Depreciation	2,400,000	-	-	2,400,000
Ticketing and Reservations	1,579,150	-	-	1,579,150
Ground Transportation	1,117,619	-	-	1,117,619
Rent	881,941	-	-	881,941
Utilities	869,074	36,702	-	905,776
80th Anniversary	830,443	-	-	830,443
Ship Operations	690,674	-	-	690,674
Marketing	395,271	-	-	395,271
Insurance	320,157	19,219	-	339,376
Human Resources	-	204,552	-	204,552
Communications	178,339	-	-	178,339
Professional Fees	133,095	39,833	-	172,928
Special Events	30,582	-	-	30,582
Safety, Health and Environmental	40,340	-	-	40,340
Donation Expenses	-	-	19,247	19,247
Other	23,924	135,314	-	159,238
	$ 16,666,241	$ 1,359,697	$ 19,247	$ 18,045,185
2024:				
Payroll and Related Costs	$ 6,535,937	$ 889,328	$ -	$ 7,425,265
Depreciation	2,484,000	-	-	2,484,000
Ticketing and Reservations	1,394,687	-	-	1,394,687
Ground Transportation	1,141,466	-	-	1,141,466
Rent	871,651	-	-	871,651
Utilities	903,009	24,923	-	927,932
Ship Operations	816,862	-	-	816,862
Insurance	346,161	18,000	-	364,161
Marketing	242,727	-	-	242,727
Professional Fees	112,906	99,249	-	212,155
Communications	62,493	-	-	62,493
Special Events	53,204	-	-	53,204
Safety, Health and Environmental	31,300	-	-	31,300
Donation Expenses	-	-	20,501	20,501
Other	39,758	208,749	-	248,507
	$ 15,036,161	$ 1,240,249	$ 20,501	$ 16,296,911

See accompanying notes to financial statements.

USS Missouri Memorial Association, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Increase in Net Assets	$ 3,797,636	$ 3,412,075
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,400,000	2,484,000
Net Realized and Unrealized Gains on Investments	(2,690,960)	(1,178,986)
Changes in Certain Assets and Liabilities:		
Accounts Receivable, net	(107,865)	(273,014)
Prepaid Expenses and Other Assets	(7,368)	43,315
Accounts Payable	118,146	(126,912)
Deferred Rent	(13,360)	(13,360)
Accrued Expenses	(35,848)	154,560
Net Cash Provided by Operating Activities	3,460,381	4,501,678
Cash Flows from Investing Activities:		
Capital Expenditures	(2,347,438)	(1,500,161)
Purchases of Investments Board Designated for Ship Preservation	(6,274,291)	(15,982,453)
Sales of Investments Board Designated for Ship Preservation	5,601,014	10,641,072
Net Cash Used in Investing Activities	(3,020,715)	(6,841,542)
Net Increase (Decrease) in Cash and Cash Equivalents	439,666	(2,339,864)
Cash and Cash Equivalents, Beginning of Year	3,291,919	5,631,783
Cash and Cash Equivalents, End of Year	$ 3,731,585	$ 3,291,919
Reconciliation of Cash and Cash Equivalents:		
Cash and Cash Equivalents	$ 3,427,798	$ 3,098,121
Cash, With Donor Restrictions	303,787	193,798
Total Cash and Cash Equivalents	$ 3,731,585	$ 3,291,919

See accompanying notes to financial statements.

USS Missouri Memorial Association, Inc.

Notes to Financial Statements
December 31, 2025 and 2024

1. Organization and Significant Accounting Policies

a. Organization

The USS Missouri Memorial Association, Inc. (the Association) is a not-for-profit organization incorporated in 1994 to establish, operate and maintain the USS Missouri (the Battleship) as a national memorial commemorating the end of hostilities in World War II. The Association began significant operating activities and opened the Battleship to visitors on January 29, 1999.

b. Basis of Presentation

The Association maintains its accounting records and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP). In accordance with US GAAP, the Association reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time.

Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

c. Management Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

1. Organization and Significant Accounting Policies (continued)

d. Cash and Cash Equivalents

The Association maintains its cash and cash equivalents in commercial banks. At December 31, 2025, the Association had approximately $3,544,000 in excess of federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents. Cash and cash equivalents included in investments have been designated by the Board of Directors (the Board), and are not considered cash equivalents for purposes of the statements of financial position and cash flows.

e. Investments

The Association's investments are stated at fair value. Fair value is 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 (see Note 3 for discussion of fair value measurements).

f. Accounts Receivable

Accounts receivable are primarily generated by wholesale tour and travel companies operating in Hawaii and are stated at the amounts billed, net of an allowance for credit losses. The Association establishes an allowance for credit losses by evaluating the estimated expected credit losses for individual customer receivables as of the end of the reporting period by considering the customer's financial condition, credit history and current economic conditions and reasonable and supportable forecasts. The Association performs ongoing credit evaluations of these wholesalers' financial condition and may require collateral from the wholesalers, if deemed necessary.

g. Equipment and Shipboard Improvements

Equipment and shipboard improvements are presented at cost if purchased, or estimated fair value if contributed, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the Association's assets as follows:

Shipboard improvements	7 – 25 years
Equipment and fixtures	5 – 7 years

1. Organization and Significant Accounting Policies (continued)

g. Equipment and Shipboard Improvements (continued)

The carrying values of equipment and shipboard improvements are reviewed when circumstances indicate that the carrying amounts may not be recoverable. If the expected future cash flows generated from equipment and shipboard improvements are less than the related carrying value, the carrying value of these assets would be reduced to estimated fair value.

h. Revenue Recognition

The Association recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Association recognizes revenues from ticket sales at the time of admission, which is when the performance obligation is satisfied. Commissions from concessionaires, special events and other revenues are recognized when they are realized or realizable and earned.

i. Contributions and Promises to Give

Contributions are recognized when received or when the donor makes an unconditional promise to give to the Association. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction is fulfilled or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

The Association has unpaid volunteers who assist in performing administrative and maintenance duties and conducting tours. The value of this contributed time does not meet the criteria for financial statement recognition provided by US GAAP and, accordingly, is not reflected in the accompanying financial statements.

1. Organization and Significant Accounting Policies (continued)

j. In-Kind Contributions

In-kind contributions, including depreciable assets, are reflected as contributions without donor restrictions at their estimated fair values when received by the Association. The Battleship and certain other exhibits were donated by the U.S. Navy and others. The fair values of these contributed exhibits have not been recognized in the accompanying financial statements as their values are not readily determinable. Costs related to placing these exhibits into service are recognized when incurred as a decrease in net assets without donor restrictions.

k. Board Designated Net Assets

Board designated net assets consist of amounts expended on ship equipment and improvements and amounts that have been designated by the Board for ship preservation purposes and other strategic initiatives. The Board can re-designate these net assets at its discretion.

l. Income Taxes

The Association is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), whereby only unrelated business income, as defined by Section 512(a)(1) is subject to federal income tax. The Association is also exempt under Hawaii Revised Statutes on income related to its exempt purpose. No unrelated business income taxes were incurred during 2025 or 2024.

Management has evaluated the Association's tax positions and concluded that the Association has maintained its tax exempt status and has no uncertain tax positions that require recognition or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Tax years from 2022 are open for examination for federal tax purposes. Interest and penalties, if any, are recognized in management and general expense.

1. Organization and Significant Accounting Policies (continued)

m. Recently Adopted Accounting Pronouncement

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduces a practical expedient and, for entities other than public business entities, an accounting policy election to simplify the application of Topic 326, *Financial Instruments – Credit Losses*, to current accounts receivable and current contract assets arising from revenue transactions accounted for under Topic 606, *Revenue from Contracts with Customers*. The Association early adopted ASU 2025-05 during the year ended December 31, 2025. The Association elected the practical expedient that allows the assumption that economic conditions existing as of the balance sheet date will persist over the remaining life of current receivables when estimating expected credit losses under ASC 326, *Financial Instruments – Credit Losses*. The Association also elected the accounting policy to consider subsequent collections in estimating expected credit losses. The adoption of ASU 2025-05 did not have a material impact on the Association's financial statements.

n. Subsequent Events

The Association has evaluated subsequent events through May 8, 2026, the date on which the financial statements were issued, and it was determined that all subsequent events had been properly accounted for.

USS Missouri Memorial Association, Inc.

Notes to Financial Statements
December 31, 2025 and 2024

2. Board Designated Investments

Board designated investments for ship preservation are carried at fair value at December 31, 2025 and 2024 as follows:

At December 31, 2025	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Money market funds	$ 681,892	$ -	$ -	$ 681,892
Mutual funds - fixed income	1,814,039	44,160	(20,757)	1,837,442
Mutual funds - equity	10,675,062	4,938,813	-	15,613,875
US Treasury bills	246,618	-	(3,883)	242,735
US Treasury obligations	5,307,824	46,946	(138,249)	5,216,521
Municipal obligations	200,000	2,424	-	202,424
Corporate bonds	3,978,558	99,489	(1,099)	4,076,948
Total Investments, at fair value	$ 22,903,993	$ 5,131,832	$ (163,988)	$ 27,871,837

At December 31, 2024	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Money market funds	$ 508,208	$ -	$ -	$ 508,208
Mutual funds - fixed income	1,631,765	6,098	(22,026)	1,615,837
Mutual funds - equity	10,591,677	2,947,113	(25,995)	13,512,795
US Treasury bills	246,518	-	(7,650)	238,868
US Treasury obligations	4,609,133	7,628	(190,455)	4,426,306
Municipal obligations	200,000	-	(1,598)	198,402
Corporate bonds	4,037,864	13,088	(43,768)	4,007,184
Total Investments, at fair value	$ 21,825,165	$ 2,973,927	$ (291,492)	$ 24,507,600

Net investment returns for 2025 and 2024 consisted of the following:

	2025	2024
Net realized/unrealized gain	$ 2,690,960	$ 1,178,986
Dividend and interest income	933,980	871,247
Investment fees	(105,694)	(89,867)
Net investment return	$ 3,519,246	$ 1,960,366

3. Fair Value Measurements

US GAAP establishes a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access.

Level 2: Inputs to the valuation methodology 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; or inputs that are derived principally from or can be corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2025 and 2024:

Money market funds and mutual funds– valued based on quoted market prices of each fund, which represents the net asset value of shares held by the Association at the reporting date on a recurring basis

US Treasury bills, US Treasury obligations, municipal obligations and corporate bonds – valued at quoted market prices for identical assets in active markets when quoted prices are available. If quoted market prices are not available, the fair value is determined using a market approach valuation technique that considers, among other things, credit information, observed market movements and sector news.

USS Missouri Memorial Association, Inc.

Notes to Financial Statements
December 31, 2025 and 2024

3. Fair Value Measurements (continued)

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

The following tables set forth the Association's investments that are measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
As of December 31, 2025				
Money market funds	$ 681,892	$ -	$ -	$ 681,892
Mutual funds - fixed income	1,837,442	-	-	1,837,442
Mutual funds - equity	15,613,875	-	-	15,613,875
US Treasury bills	242,735	-	-	242,735
US Treasury obligations	5,216,521	-	-	5,216,521
Municipal obligations	202,424	-	-	202,424
Corporate bonds	3,960,430	116,518	-	4,076,948
	$ 27,755,319	$ 116,518	$ -	$ 27,871,837

	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
As of December 31, 2024				
Money market funds	$ 508,208	$ -	$ -	$ 508,208
Mutual funds - fixed income	1,615,837	-	-	1,615,837
Mutual funds - equity	13,512,795	-	-	13,512,795
US Treasury bills	238,868	-	-	238,868
US Treasury obligations	4,426,306	-	-	4,426,306
Municipal obligations	198,402	-	-	198,402
Corporate bonds	3,887,789	119,395	-	4,007,184
	$ 24,388,205	$ 119,395	$ -	$ 24,507,600

USS Missouri Memorial Association, Inc.

Notes to Financial Statements
December 31, 2025 and 2024

4. Equipment and Shipboard Improvements

Equipment and shipboard improvements at December 31, 2025 and 2024 were as follows:

	2025	2024
Shipboard improvements	$ 34,044,060	$ 33,090,658
Equipment and fixtures	15,962,671	14,724,127
	50,006,731	47,814,785
Accumulated depreciation	(29,605,344)	(27,205,344)
	20,401,387	20,609,441
Construction in progress	1,347,401	1,191,909
Equipment and Shipboard Improvements, net	$ 21,748,788	$ 21,801,350

Construction in progress primarily consists of teak deck replacement, a life safety project and a forecastle deck project. As of December 31, 2025, the Association did not have any contract commitments related to the construction in progress balance.

5. Line of Credit

In August 2018, the Association entered into a credit agreement with a bank amounting to $5 million. Draws on the credit agreement are secured by certain cash, cash equivalents and investments held by the Association, require monthly interest-only payments, and bear interest at the Association's choice of the prevailing market rate, as defined, or selected Secured Overnight Financing Rate plus applicable margins, as defined, with an expiration date of August 5, 2026. As of December 31, 2025 and 2024, the Association did not have any outstanding borrowings under the credit agreement.

The credit agreement contains customary conditions and events of default, the failure to comply with, or occurrence of, would give the lender the right to demand repayment of any outstanding borrowings or terminate the credit agreement.

6. Net Assets

a. Without Donor Restriction

Net assets without donor restrictions include undesignated net assets as well as those designated for specific purposes by the Association's Board of Directors. The Board of Directors has designated approximately $27.9 million and $24.5 million as of December 31, 2025 and 2024, respectively, in the Ship Preservation Fund, for the purpose of funding future preservation and major restoration projects for the Battleship.

The Association has accumulated the above funds for the purpose of conducting a dry docking of the ship in or near the year 2030. The last time the ship was dry docked was in 2010 for a cost of $12.5 million. It was previously estimated that the next dry docking will cost between $25 and $30 million. However, the Association is exploring various alternatives which will address the engineering needs to repair and repaint the underwater portion of the hull and, if necessary, repair cofferdams which will not require dry docking and could cost substantially less.

b. With Donor Restrictions

Net assets with donor restrictions at December 31, 2025 and 2024 consisted of the following:

	2025	2024
Cash restricted for the following:		
Educational purposes	$ 72,465	$ 73,638
Shipboard improvements and displays	231,322	120,160
Net assets with donor restrictions	$ 303,787	$ 193,798

6. Net Assets (continued)

b. With Donor Restriction (continued)

Net assets with donor restrictions released from restrictions during the years ended December 31, 2025 and 2024 consisted of the following:

	2025	2024
Restrictions satisfied by expenditures for --		
Educational purposes	$ 97,988	$ 46,987
80th anniversary	585,489	-
Net assets with donor restrictions released from restrictions	$ 683,477	$ 46,987

7. Employee Benefit Plan

Substantially all full-time and part-time employees of the Association are eligible to participate in the Association's 401(k) retirement savings plan. The plan allows for discretionary employer matching contributions up to 4 percent. For the years ended December 31, 2025 and 2024, the Association made employer contributions of approximately $218,700 and $200,200, respectively. Participants may contribute up to limits prescribed by the Internal Revenue Service.

8. Commitments and Contingencies

a. Operating Agreements

The Association has an agreement with a company to provide ground transportation for visitors to the Battleship through 2029. Ground transportation fees, based upon fixed hourly rates, were approximately $1,118,000 in 2025 and $1,141,000 in 2024 and are included in Program Services in the accompanying Statements of Activities.

The Association has an agreement with a company to provide ticketing services. The agreement expires on December 31, 2028. Ticketing and reservation expense include reimbursements for operating costs and a management fee that consists of: (a) four percent of gross receipts derived from onsite and online ticketing services, membership and special events products, and (b) two percent of gross receipts derived from tour groups and online travel agency ticket sales.

8. Commitments and Contingencies (continued)

a. Operating Agreements (continued)

The Association implemented a seven percent ticketing service fee charge for onsite and online ticket purchases to help offset the additional ticketing and reservation fees. The seven percent service fee ended on October 31, 2024. Ticketing and reservation expense was approximately $1,579,000 in 2025 and $1,395,000 in 2024 and are included in Program Services in the accompanying Statements of Activities.

b. Litigation

In the normal course of conducting its activities, the Association may be subject to various claims and litigation. Management believes that the resolution of these matters will not have a material adverse effect on the Association's financial position, results of operations or cash flows.

9. Leases

As Lessor

The Association acts as lessor in leasing space to merchandise, food and beverage and photo concessionaires under the terms of certain operating leases. The leases provide for percentage rents based on visitor counts or gross revenues, as defined in the agreements, ending at various dates through June 30, 2027. Percentage rents from these leases are reported as commission income on the accompanying Statements of Activities for the years ended December 31, 2025 and 2024 and amounted to approximately $1,643,000 and $1,705,000, respectively.

9. Leases (continued)

As Lessee

In March 2017, the Association signed a 25-year lease with the U.S. Navy which is effective January 1, 2017 through December 31, 2041. The lease requires the Association to pay percentage rent equal to six percent of the Association's ticket sales revenue, as defined in the lease agreement. In accordance with the lease agreement, the Association is required to pay estimated rent of $35,000 per month. Estimated rents paid are trued up on an annual basis to equal an annual rent of six percent of the Association's ticket sales revenue. Total rent expense recognized for the years ended December 31, 2025 and 2024 was approximately $882,000 and $872,000, respectively. Under the provisions of ASC Topic 842, *Leases*, variable lease payments that vary after the commencement date for reasons other than a change in an index or rate are not included in the lease payments used for classification or measurement purposes. As a result, management has determined that the terms of the lease do not have lease payments that give rise to recognition of a lease liability or right of use asset.

In May 2023, in relation to the 2022 percentage annual rent, the Association received a lease incentive from the U.S. Navy whereby the cost of paving a parking lot of approximately $254,000 was reduced from 2022 percentage annual rent. As a result, the Association recorded a deferred lease credit and is amortizing the amount over the remaining term of the lease as a reduction to rent expense.

The Association also receives credit towards the rent payments due for in-kind services provided by the Association to the U.S. Government. These credits totaled approximately $361,000 and $371,000 and are reported as special events revenue for the years ended December 31, 2025 and 2024, respectively.

10. Liquidity and Availability

The following reflects the Association's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use within one year because of board designations or donor-imposed restrictions.

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 3,427,798	$ 3,098,121
Cash, with donor restrictions	303,787	193,798
Accounts receivable, net	2,264,363	2,156,498
Investments board designated for ship preservation	27,871,837	24,507,600
Financial assets, at year end	33,867,785	29,956,017
Less those unavailable for general expenditure within one year, due to:		
Board designated for ship preservation	(27,871,837)	(24,507,600)
Donor restricted	(303,787)	(193,798)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,692,161	$ 5,254,619

The Association structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Association's board designated assets are designated for the purchase of equipment and shipboard improvements, for ship preservation and the line of credit. These assets are limited in use, which are more fully described in Note 2 and are not available for general expenditure within the next year. However, the board designated amounts of $27,871,837 and $24,507,600 as of December 31, 2025 and 2024, respectively, could be made available, if necessary.

As part of the Association's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

Additionally, the Association maintains a line of credit, as discussed in more detail in Note 5. As of December 31, 2025 and 2024, $5 million remained available on the Association's line of credit.