

# **USS Missouri Memorial Association, Inc.**

Financial Statements

December 31, 2024 and 2023

Together with Independent Auditor's Report



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A Hawaii Limited Liability Partnership

## **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, 2024 and 2023, 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, 2024 and 2023, 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 15, 2025

# USS Missouri Memorial Association, Inc.

## Statements of Financial Position

December 31, 2024 and 2023

	<u>Assets</u>	
	2024	2023
Cash and Cash Equivalents	\$ 3,098,121	\$ 5,578,194
Cash, with donor restrictions	193,798	53,589
Accounts Receivable, net of allowance for credit losses of \$5,000 in 2024 and 2023	2,156,498	1,883,484
Prepaid Expenses and Other Assets	329,271	372,586
Total current assets	5,777,688	7,887,853
Investments board designated for ship preservation	24,507,600	17,987,233
Equipment and Shipboard Improvements, net	21,801,350	22,785,189
Total assets	<u>\$ 52,086,638</u>	<u>\$ 48,660,275</u>
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable	\$ 895,386	\$ 1,022,298
Accrued expenses	728,214	573,654
Total current liabilities	1,623,600	1,595,952
Deferred rent	227,135	240,495
Commitments and Contingencies		
Net Assets:		
Without donor restrictions:		
Undesignated	3,733,155	5,997,817
Investments board designated for ship preservation	24,507,600	17,987,233
Invested in equipment and shipboard improvements	21,801,350	22,785,189
Total without donor restrictions	50,042,105	46,770,239
With donor restrictions	193,798	53,589
Total net assets	50,235,903	46,823,828
Total liabilities and net assets	<u>\$ 52,086,638</u>	<u>\$ 48,660,275</u>

See accompanying notes to financial statements.

## USS Missouri Memorial Association, Inc.

### Statements of Activities

For the Years Ended December 31, 2024 and 2023

	2024	2023
Changes in Net Assets Without Donor Restrictions:		
Revenue and support:		
Ticket sales	\$ 14,758,109	\$ 14,892,985
Commissions	1,704,733	1,764,817
Special events and other	574,946	486,311
Contributions	255,287	208,454
Education	232,906	244,294
Other income	35,443	287,029
Total revenues without donor restrictions	17,561,424	17,883,890
Net assets released from restrictions	46,987	50,287
Total revenues without donor restrictions and other support	17,608,411	17,934,177
Expenses:		
Program services	15,036,161	13,697,745
Management and general	1,240,249	1,226,194
Fundraising	20,501	36,048
Total expenses	16,296,911	14,959,987
Revenue and support less expenses	1,311,500	2,974,190
Net investment return	1,960,366	2,104,903
Increase in net assets without donor restrictions	3,271,866	5,079,093
Changes in Net Assets with Donor Restrictions:		
Contributions	187,196	27,108
Net assets released from restrictions	(46,987)	(50,287)
Increase (decrease) in net assets with donor restrictions	140,209	(23,179)
Increase in net assets	3,412,075	5,055,914
Net Assets, beginning of year	46,823,828	41,767,914
Net Assets, end of year	\$ 50,235,903	\$ 46,823,828

See accompanying notes to financial statements.

## USS Missouri Memorial Association, Inc.

### Statements of Functional Expenses

For the Years Ended December 31, 2024 and 2023

	Program Services	Management and General	Fundraising	Total
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
	<u>\$ 15,036,161</u>	<u>\$ 1,240,249</u>	<u>\$ 20,501</u>	<u>\$ 16,296,911</u>
2023:				
Payroll and related costs	\$ 6,075,334	\$ 814,520	\$ -	\$ 6,889,854
Depreciation	2,468,154	77,751	-	2,545,905
Ticketing and reservations	1,329,302	-	-	1,329,302
Ground transportation	1,101,873	-	-	1,101,873
Rent	907,917	-	-	907,917
Ship operations	642,908	-	-	642,908
Insurance	340,360	16,656	-	357,016
Utilities	311,973	22,370	-	334,343
Marketing	227,034	-	-	227,034
Professional fees	108,471	85,778	-	194,249
Communications	81,225	-	-	81,225
Special events	42,184	-	-	42,184
Safety, health and environmental	35,954	-	-	35,954
Donation expenses	-	-	36,048	36,048
Other	25,056	209,119	-	234,175
	<u>\$ 13,697,745</u>	<u>\$ 1,226,194</u>	<u>\$ 36,048</u>	<u>\$ 14,959,987</u>

See accompanying notes to financial statements.

## USS Missouri Memorial Association, Inc.

### Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Increase in net assets	\$ 3,412,075	\$ 5,055,914
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,484,000	2,545,905
Net realized and unrealized gains on investments	(1,178,986)	(1,532,906)
Changes in certain assets and liabilities:		
Accounts receivable, net	(273,014)	52,720
Prepaid expenses and other assets	43,315	31,716
Accounts payable	(126,912)	308,157
Deferred rent	(13,360)	240,495
Accrued expenses	154,560	(11,937)
Net cash provided by operating activities	<u>4,501,678</u>	<u>6,690,064</u>
Cash Flows from Investing Activities:		
Capital expenditures	(1,500,161)	(668,404)
Purchases of investments board designated for ship preservation	(15,982,453)	(10,406,895)
Sales of investments board designated for ship preservation	<u>10,641,072</u>	<u>6,094,063</u>
Net cash used in investing activities	<u>(6,841,542)</u>	<u>(4,981,236)</u>
Net (decrease) increase in cash and cash equivalents	(2,339,864)	1,708,828
Cash and Cash Equivalents, beginning of year	<u>5,631,783</u>	<u>3,922,955</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 3,291,919</u></u>	<u><u>\$ 5,631,783</u></u>
Reconciliation of Cash and Cash Equivalents:		
Cash and cash equivalents	\$ 3,098,121	\$ 5,578,194
Cash, with donor restrictions	<u>193,798</u>	<u>53,589</u>
Total cash and cash equivalents	<u><u>\$ 3,291,919</u></u>	<u><u>\$ 5,631,783</u></u>

See accompanying notes to financial statements.

# USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

## 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.



# USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

## 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, 2024, the Association had approximately \$3,206,000 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

# USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

## 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.

# USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

## 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 2024 or 2023.

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 2021 are open for examination for federal tax purposes. Interest and penalties, if any, are recognized in management and general expense.

### m. Subsequent Events

The Association has evaluated subsequent events through May 15, 2025, 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, 2024 and 2023

## 2. Board Designated Investments

Board designated investments for ship preservation are carried at fair value at December 31, 2024 and 2023 as follows:

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	<u>\$ 21,825,165</u>	<u>\$ 2,973,927</u>	<u>\$ (291,492)</u>	<u>\$ 24,507,600</u>

At December 31, 2023	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Money market funds	\$ 729,530	\$ -	\$ -	\$ 729,530
Mutual funds - fixed income	1,252,966	21,896	(26,116)	1,248,746
Mutual funds - equity	7,932,671	1,929,473	(7,973)	9,854,171
US Treasury bills	95,432	2,651	-	98,083
US Treasury obligations	2,386,872	14,158	(19,851)	2,381,179
Corporate bonds	2,968,142	58,314	-	3,026,456
US government agencies	649,940	542	(1,414)	649,068
Total Investments, at fair value	<u>\$ 16,015,553</u>	<u>\$ 2,027,034</u>	<u>\$ (55,354)</u>	<u>\$ 17,987,233</u>

Net investment returns for 2024 and 2023 consisted of the following:

	2024	2023
Net realized/unrealized gain	\$ 1,178,986	\$ 1,532,906
Dividend and interest income	871,247	637,609
Investment fees	<u>(89,867)</u>	<u>(65,612)</u>
Net investment return	<u>\$ 1,960,366</u>	<u>\$ 2,104,903</u>

## USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 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.

## USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 3. Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2024 and 2023

*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, corporate bonds and US Government agencies*—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.

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.

## USS Missouri Memorial Association, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

### 3. Fair Value Measurements (continued)

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			Total
	Level 1	Level 2	Level 3	
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
	<u>\$ 24,388,205</u>	<u>\$ 119,395</u>	<u>\$ -</u>	<u>\$ 24,507,600</u>

	Fair Value Measurements at Reporting Date Using			Total
	Level 1	Level 2	Level 3	
As of December 31, 2023				
Money market funds	\$ 729,530	\$ -	\$ -	\$ 729,530
Mutual funds - fixed income	1,248,746	-	-	1,248,746
Mutual funds - equity	9,854,171	-	-	9,854,171
US Treasury bills	98,083	-	-	98,083
US Treasury obligations	2,381,179	-	-	2,381,179
Corporate bonds	2,909,143	117,313	-	3,026,456
US government agencies	-	649,068	-	649,068
	<u>\$ 17,220,852</u>	<u>\$ 766,381</u>	<u>\$ -</u>	<u>\$ 17,987,233</u>

## USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 4. Equipment and Shipboard Improvements

Equipment and shipboard improvements at December 31, 2024 and 2023 were as follows:

	2024	2023
Shipboard improvements	\$ 33,090,658	\$ 32,641,175
Equipment and fixtures	14,724,127	13,918,104
	47,814,785	46,559,279
Accumulated depreciation	(27,205,344)	(24,721,344)
	20,609,441	21,837,935
Construction in progress	1,191,909	947,254
Equipment and Shipboard Improvements, net	<u>\$ 21,801,350</u>	<u>\$ 22,785,189</u>

Construction in progress primarily consists of teak deck replacement, a life safety project and a WWII immersive experience exhibit. As of December 31, 2024, the Association has a remaining commitment of approximately \$266,000 under a construction contract related to the WWII immersive experience exhibit.

### 5. Line of Credit

In August 2018, the Association entered into a credit agreement with a bank amounting to \$5 million. In August 2020, the Association increased its credit agreement to \$7 million and in December 2020, the Association increased its credit agreement to \$9 million. In November 2021, the credit agreement was decreased 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, 2024. As of December 31, 2023, the Association did not have any outstanding borrowings under the credit agreement.



## USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 5. Line of Credit (continued)

On November 8, 2024, the Association renewed its credit agreement with the bank for a total amount of \$5 million with an expiration date of August 5, 2026. As of December 31, 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 \$24.5 million and \$17.9 million as of December 31, 2024 and 2023, 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, 2024 and 2023 consisted of the following:

	2024	2023
Cash restricted for the following:		
Educational purposes	\$ 73,638	\$ 32,614
Shipboard improvements and displays	120,160	20,975
Net assets with donor restrictions	<u>\$ 193,798</u>	<u>\$ 53,589</u>

## USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 6. Net Assets (continued)

#### b. With Donor Restriction (continued)

Net assets with donor restrictions released from restrictions during the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023
Restrictions satisfied by expenditures for:		
Educational purposes	\$ 46,987	\$ 36,650
Shipboard improvements and displays	-	13,637
Net assets with donor restrictions released from restrictions	<u>\$ 46,987</u>	<u>\$ 50,287</u>

### 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, 2024 and 2023, the Association made employer contributions of approximately \$200,200 and \$176,000, 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 2027. Ground transportation fees, based upon fixed hourly rates, were approximately \$1,141,000 in 2024 and \$1,102,000 in 2023 and are included in Program Services in the accompanying Statements of Activities.

The Association entered into an agreement with a company effective January 2019 to provide ticketing services for a term of 5 years. In August 2023, the agreement was amended to extend an additional 5 years beginning January 1, 2024 and expiring on December 31, 2028. Ticketing and reservation expense include reimbursements for operating costs and a management fee that consists of: (a) three percent of gross receipts derived from onsite and online ticketing services, and tour groups and online travel agency sales, and (b) one percent of gross receipts derived from education sales.

## **USS Missouri Memorial Association, Inc.**

Notes to Financial Statements  
December 31, 2024 and 2023

### **8. Commitments and Contingencies (continued)**

#### **a. Operating Agreements (continued)**

Effective January 1, 2024, fees increased to four percent of gross receipts derived from onsite and online ticketing services and tour groups and online travel agency sales. 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 \$1,395,000 in 2024 and \$1,329,000 in 2023 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 minimum or 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, 2024 and 2023 and amounted to approximately \$1,705,000 and \$1,765,000, respectively.

## USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 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, 2024 and 2023 was approximately \$872,000 and \$908,000, 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 \$371,000 and \$313,000 and are reported as special events revenue for the years ended December 31, 2024 and 2023, respectively.

## USS Missouri Memorial Association, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 10. Liquidity and Availability

The following reflects the Association's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use within one year because of board designations or donor-imposed restrictions.

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 3,098,121	\$ 5,578,194
Cash, with donor restrictions	193,798	53,589
Accounts receivable, net	2,156,498	1,883,484
Investments board designated for ship preservation	24,507,600	17,987,233
Financial assets, at year end	29,956,017	25,502,500
Less those unavailable for general expenditure within one year, due to:		
Board designated for ship preservation	(24,507,600)	(17,987,233)
Donor restricted	(193,798)	(53,589)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,254,619</u>	<u>\$ 7,461,678</u>

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 \$24,507,600 and \$17,987,233 as of December 31, 2024 and 2023, 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, 2024 and 2023, \$5 million remained available on the Association's line of credit.