

The American Air Museum in Britain

Trustees Report and Financial statements

As at 31 December 2023

Together with the Independent Auditors' Report

The American Air Museum in Britain Trustees' Report 2023

1. Introduction

Role of the American Air Museum in Britain (AAMB)

The mission of the American Air Museum in Britain is to:

- honour the past sacrifices of America's airmen and women who served in the UK,
- to preserve the memory of this and to present this audiences today and
- to educate future generations through specific learning programmes and promoting the role of the Museum through its innovative website.

The Museum itself is located at IWM Duxford. The American Air Museum stands as a memorial to almost 30,000 U.S. airmen and women who gave their lives flying from British shores during the Second World War, as well as the countless thousands of US air force and support personnel who served in myriad capacities and survived. It presents some of the best collections of American military aircraft on public display outside of North America and is the only facility of its kind outside of the United States that commemorates and highlights the special bond between the United States and the United Kingdom. Since opening in 1997 the American Air Museum has welcomed over 8.3 million visitors.

The charitable work of the AAMB supports the maintenance and operation of the facilities and preservation of the world-class collections, together with the learning programmes and a website that is the authoritative first port of call for anyone looking for information about the air war as fought by the US Army Air Forces from the UK during World War II.

2. Review

2.1 The American Air Museum in Britain

The charitable work of the American Air Museum in Britain has provided crucial support in the ongoing fulfilment of this mission. We are grateful for the loyal support from members and generous donations from our supporters and trustees.

Working with the strength of the IWM brand, the successful operation of IWM Duxford ensures that a large audience has access to the powerful displays of the American Air Museum and its related learning programmes.

The American Air Museum at IWM Duxford was designed by Norman Foster and is listed at Grade II*. The curved concrete roof, inspired by the stressed skin structure often seen in aircraft construction, together with its ring-shaped geometry resembling the cockpit of a modern fighter jet, act as aeronautical metaphors in a dramatic yet simple way. Its resemblance to a Second World War blister hangar also adds to Foster's flying symbolism.

Renato Niemis' evocative memorial sculpture, 'Counting the Cost' which is made up of 52 large glass panels engraved with cross-like silhouettes of the 7,031 American aircraft that went missing in action, resembles both the massed formations of aircraft and the regimented lines of a war cemetery.

During the year the AAMB had some changes to its Board of Trustees and the Treasurer.

2.2 Collections development

The number of IWM acquisitions by the American Air Museum curator was less than previous years due to the absence of a curator between May and July. However, important work has been carried out to develop our existing collection. Notable activities include:

- A collection of 400 photographs has been accessioned into the IWM collection. These images were taken by members of the 91st Bomb Group while stationed at their base at Bassingbourn. The collection also includes documents and ephemera belonging to 91st Bomb Group veteran Lt. Col. Paul Chryst, including a scrapbook and annotated mission map.
- In early 2023, IWM's Collections Development Committee approved the acquisition of a collection of artefacts excavated from a B-17 crash site, including a pair of flying goggles, a compass, and a fragment of leather flying helmet. This highly emotive collection was recovered by the Cranfield Recovery and Identification of Conflict Casualties (CRICC) team during an excavation in Germany led in partnership with the DPAA in 2022 to locate and identify the remains of servicemen. This symbolises the loss, recovery, and homecoming of Americans around 80 years after they died in conflict. In support of this acquisition, AAMB Curator Hattie Hearn was invited to visit the crash site and take part in the excavation in November 2023. The interviews and photographs from this trip will support future interpretations of the collection.
- The AAMB curator has undertaken the review of a large collection of documents from historian Roger Freeman's archives. This archive was acquired by IWM alongside Freeman's photographic collection in 2014. The archive contains research materials collated by Roger Freeman over four decades and includes unpublished interviews and correspondence with hundreds of Eighth and Ninth Air Force veterans. Work will continue into 2024 to accession and catalogue this historically significant research collection.
- The 5,000 remaining photographs from the Roger Freeman Collection have been digitised and uploaded onto the AAMB website. The entire collection of 15,000 images is now available to view on the American Air Museum website.
- Research and review of IWM's USAAF and USAF collections has continued throughout 2023 leading to a significant improvement in the data associated with these collections. Work is ongoing to digitise and share these collections with audiences on the American Air Museum website and through IWM's online collection website.

2.3 Duxford Masterplan work and estates strategy

A Masterplan has been approved for IWM Duxford. The plan is managed and funded by the Imperial War Museum (IWM) and proposes the physical redevelopment and refurbishment of the buildings, exhibitions, landscape and infrastructure to reshape how the site is organised and operates. It also seeks to modernise the public offer to continue to be relevant and attract, engage and enthuse contemporary audiences. A key ambition of the masterplan is to put the historic site at the heart of the visitor experience, capitalising on the 'sense of place' and physical

potential of the historic buildings, airfield, landscape and vistas to create a unique setting for a national visitor attraction. The AAM is an integral part of this with the story of the US Army Air Force woven into the physical fabric and intangible memory and sense of place at Duxford.

The impressive historic hangars of Duxford are core to the site and central to the narratives of this airfield from the end of the First World War to the 1960s. IWM has now embarked on delivering an exciting new programme of works to significantly enhance these buildings and offer visitors engaging exhibitions and experiences.

Hangar 4 is especially significant as the Headquarters of the famous USAAF 78th Fighter Group, known as the 'Duxford Eagles' who were based at Duxford in 1943-45. The new permanent exhibition will feature key events for the Duxford Eagles such as the Allied Strategic Bombing Campaign, D-Day, and Operation Market Garden.

A major element of this new offer, and the first experience for visitors entering the space, will be a restoration of the 78th Fighter Group Briefing Room. Using archival material such as photographs and film footage, we will redress the space and enhance it with AV technology to provide an immersive experience showing a briefing being delivered to a group of pilots preparing to fly a bomber escort mission. The briefing will feature presentations from the 'Met' (weather) man, the Intelligence Officer and the mission commanders (including the squadron commander, the station commander and the base commander), providing visitors with a memorable 'History Happened Here' moment.

IWM Masterplan's ambition is to create two new outdoor play areas for IWM Duxford. The Weston Play Zone is due to open to visitors in the spring of 2024. This is the first step in our ambition to evolve this site as a sector-leading destination for disabled access and inclusion. We have worked with organisation Little Miracles, supporting families with disabled children, to inform the design and experiences of the playscapes. The Weston Play Zone is an adventurous play offer inspired by flying with bespoke and accessible play structures. It is complimented by the second playscape, a low-level maze style landscape designed to inspire collaborative play exploring communication and navigation, which offers a different play environment for the diversity of disabled children. Planning permission for the second playscape is in place.

The project is part of our wider programme of change for IWM Duxford. Over the next 10 years IWM would like to transform the visitor experience at IWM Duxford by creating 6 major new exhibitions, 3 of these in our original First World War hangars. Our ambitions are to deliver:

- A sense of place, connecting visitors with the history that happened on this very site.
- A place where visitors can see the working airfield as it has been for over 100 years, with daily flights by some of the most iconic, historic military aircraft in the world.
- New world-class exhibitions, experiences and events that draw increasing numbers of visitors.
- A coherent narrative joining together all the content on site from our origins in the First World War through 20th and 21st century conflicts.
- Access to historic buildings and spaces never before opened to the public.
- The stories we will bring to the fore will allow visitors to explore common themes as they experience the site.

2.5 Partnerships and engagement

- The American Air Museum is a founding member of the Cold War Network. This partnership brings together heritage sites and museums with Cold War collections to discuss issues and opportunities relating to display and interpretation. The first meeting of the network was held at Alconbury, a former USAF base, and included a presentation by the American Air Museum curator.
- The AAM has built relationships with other organisations and museums, including the Second Air Division Heritage League, the American Library, the US Heritage and Education Center, the National WWII Museum, and various Eighth Air Force museums and veterans' associations. The AAMB chairman provided the opening address and the AAM curator gave a talk about our collections at the American Library's inaugural History Symposium in October 2023. The executive director and the curator have also attended memorial services as representatives of the AAM.
- The American Air Museum has worked with the IWM production team to research, write and present four Youtube videos that showcase aircraft and objects in IWM collection on display, including the B-24 and B-29. The videos have a combined total of over one million views.

2.6 American Air Museum in Britain website (*americanairmuseum.com*)

Since the American Air Museum in Britain website launched it has become the most important digital feature in the landscape of Anglo-American Second World War history. The website is our most vital tool in achieving the primary aim of the American Air Museum: to record and recognise the service of American airmen in Britain. It is a crucial strand of our activity and the most valuable way of engaging our audiences in the United States and across the globe.

The American Air Museum's website: americanairmuseum.com relaunched in November 2022 after an extensive update.

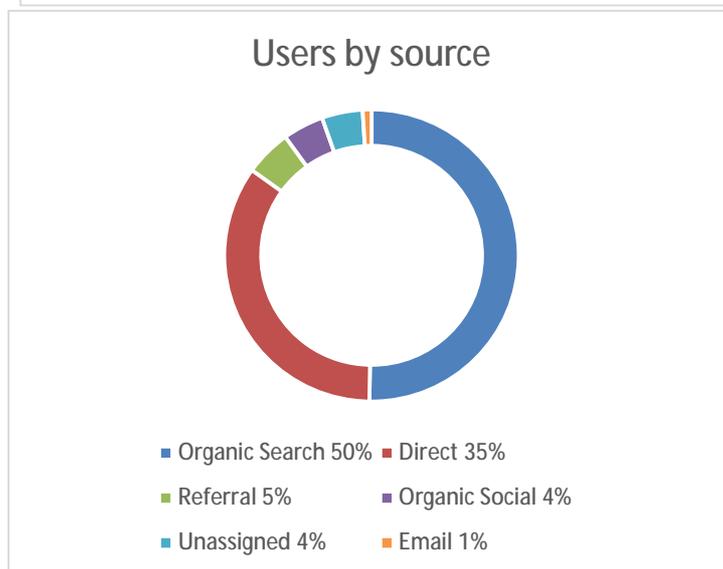
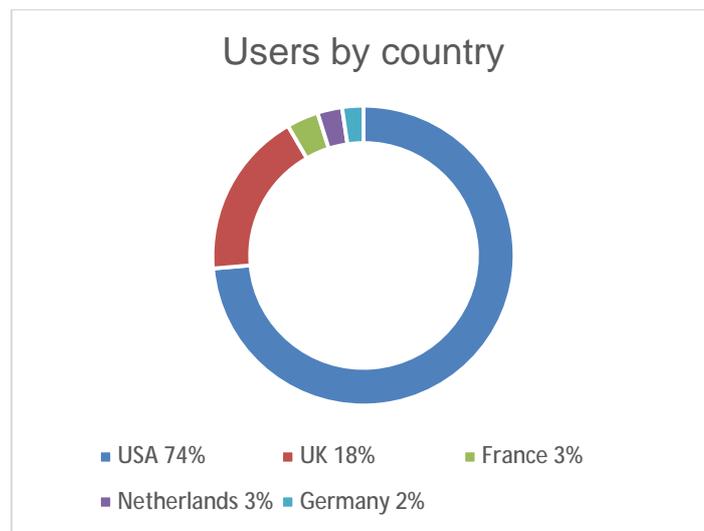
As one of the primary ways that US audiences first encounter IWM, the new site brings together several different American Air Museum activities. americanairmuseum.com is now the digital hub for:

- Showcasing information about the American Air Museum at IWM Duxford
- Highlighting powerful stories from IWM's American collections
- Hosting a crowd-sourced archive which documents the US Army Air Forces in Britain and Europe during the Second World War
- Driving fundraising for the US-based American Air Museum in Britain charity
- Development of the AAM website in 2023 has prioritised delivering features that help users navigate and update the online archive.
- The project to rebuild the Roll of Honour is also underway, and due for completion in early 2024.

2.6.1 Audience

	2021	2023	Difference
Users	392,000	631,000	+75%
Sessions	442,000	788,000	+86%
Pageviews	1,500,000	1,700,000	+13%

- The upgrade has led to increases in website traffic.
Trends reported to the board in 2021 and early 2022 suggested that website traffic was previously levelling off.
- Data is compared to 2021, as user experience and analytics tracking were both significantly disrupted throughout 2022 to facilitate website upgrade.



- Most users come from the US and reach the website via a search engine.
- The high levels of organic search traffic indicate the website is ranking well in search engines

2.6.2 Content

	Website	Archive	Stories	Fundraising
Users	631,000	541,000	7,700	1,000
Pageviews	1,700,000	1,300,000	13,000	1,400
Average Engagement time	46 mins	48 mins	24 mins	3 mins

The average engagement time refers to the average length of time that a page was in the foreground, or the website had focus in the browser.

- The AAM's archive remains the area most popular with users. The richness and depth of this user-generated content is continuing to draw users to the website.
- Archive content ranks very highly in search engines, meaning it is good at reaching users with an interest in the US Army Air Forces. Notably, archive content is performing strongly for search terms related to Masters of the Air.
- Users continue to contribute to the archive. In 2023, 419 people and 65 aircraft were added to the database, while 59,312 people entries and 1,813 aircraft were edited.
- The website's 'Story' pages have become an increasingly important way of sharing stories from the collection with users. Recent stories have explored POW camps, American Red Cross Rest Homes, and Operation El Dorado Canyon. We have seen an increase in other websites citing these stories, emphasising the AAM's authority and trustworthiness in these subject areas.

2.7 Membership and fundraising

Our Endowment fund, the Anglo-American Alliance, has been established to ensure the long-term survival of the museum and to help keep alive the memory of the sacrifice of nearly 30,000 U.S. fliers based in the United Kingdom in WWII. The museum remains a unique memorial and reminder to the next generations far into the future.

The Endowment Fund is intended as a vehicle to attract new funding now and for many years, which will ensure our mission is fulfilled. It is a dedicated and permanent source of funding that will serve as a secure financial foundation for the Museum's many activities, not least preserving the large objects at the Museum and broadening knowledge of the sacrifice of those who built, repaired, flew and died in them.

Our Executive Director will be developing a strategy for future fundraising in 2024. Membership is still a source of income. Members of the American Air Museum in Britain may use the AAM website to renew their membership online.

2.8 Public Engagement and Learning activity

Public Engagement and Learning/ Participation activity

Schools saw an impactful increase in visits, as did families. School engagement at Duxford across paid and unpaid programming saw an increase against pre-Covid numbers, with 26,602

in 2019/20, 7,690 in 2021/22, and 29,030 in 2022/23. We are currently at 97% achieved for our schools and families forecast for 2023/24. In addition to our regular schools programming, we have invested into our families programming, linking programming into exhibitions and anniversaries. Our relaunched Family Mission Backpacks have been particularly popular, enabling visitors to be guided along the site by engaging in activities and exploration, taking them from Hangar 1, up to the AAM.

Airforce Action Stations:

This tablet-based games experience was developed in collaboration with digital studio Friday Sundae and BBC presenter Ben Shires. This programme ran over some of the holiday periods, but due to staffing issues and the content and personal interaction required, activity has been limited during 2023.

Cockpit Control:

This fun and interactive family game is based on the technological developments seen in the American Air Force in the late 1940s. Through this activity, families learn how engineering and maths helped cockpit designers improve flight safety and open opportunities for future pilots. This programme ran over some of the holiday periods, but due to staffing issues and the content and personal interaction required, activity has been limited during 2023.

Family mission Backpacks:

Families use interactive storytelling 'backpacks' to tell the story of a young paratrooper being guided by his Dakota pilot on the eve of D-Day. The final act of the trail takes place under the Dakota in the AAM with a specially commissioned piece of writing used to tell the story of the airborne operation on D-Day. As a team, families use jump bags to discover more across the museum. They use the specialised replica Second World War equipment within each bag, including Cricket Clickers, K-Ration Kits, and Binoculars. Following a refresh of the activity in 2023, this has become one of our most popular activities. It is intergenerational and offers participants the opportunity to engage with different parts of IWM Duxford in creative and immersive ways. Between Easter 2023 and Christmas 2023 we saw during the holidays, driving interest and footfall from Hangar 1 where the bags are collected, to AAM, where the activity pinnacles.

Documentary Challenge:

Documentary Challenge continues to be a key part of our schools programming. The programme enables learners to create their own documentaries as producers of the fictional Smash TV, finding the stories that are "too important" to be kept inside the museum walls. Activity takes place in Hangar 4 and often AAM.

Upcoming activity in 2024:

2024 will mark the 80th anniversary of D Day. As part of family programming, D Day 80 related content will feature across IWM London, IWM North, HMSB, and IWM Duxford. IWM Duxford will promote its Family mission Backpacks: D-Day Edition (*Learn about the biggest invasion in history as you explore IWM Duxford. This interactive storytelling experience is based on personal stories from those who served on D-Day*), and Life on the Home Front: The Americans (*Families will be posed as arrivals to the UK from America in WW2. They'll be asked to explore life in England and use wooden postcards to 'mail home' to the USA about how different life is. They'll*

learn about life in England (and its challenges) through several stories relating to the thunderbolts before mailing home how life in the UK is for you/how different your life today is).

3 Financial Strategy

The fundraising plan aims to ensure that we maximise all avenues of support. The current fundraising strategy focusses on:

- a. the growth of a new \$10 million endowment and
- b. the development of an annual gift program
- c. the development of major and planned giving programs

The three together will help ensure that the American Air Museum's operating costs are fully met, and that it remains well-maintained, innovative and financially resilient. In addition, this will enable reserves to be built to provide development funding for the future.

4 Financial Results

The AAM has achieved a net surplus for the year of \$235,407.

The surplus will help bolster our unrestricted funds as we look to the future. This year has remained a transitional one for AAM with a change in management structure and an upweighting of the experience and capacity in our fundraising team.

A program grant of \$100,000 is able to be made to the Imperial War Museum towards the funding necessary for learning activities and the maintenance of the physical museum together with the exhibitions and the collections therein.

5 Governance

We have a routine of robust reporting to the Board of Trustees on how grants from the American Air Museum in Britain are spent. We have improved transparency by publishing, via our website, data such as links to the annual Form 990, audited accounts and other documents considered of interest to our stakeholders.

The Main Board meets three times a year. Other Committees support the work of the American Air Museum: the Board Development Committee, which oversees fundraising, the Audit and Board Affairs Committee, which considers the scope of the annual audit and the outcomes therefrom, nominations to the Board and all aspects of governance, and the Board Investment Committee, which oversees the performance and management of the endowment and Charitable Gift Annuity funds.

In 2022 the Board agreed to the creation of an Executive Committee made of the committee chairs and co-chairs and the Chairman of the Board. The Executive Committee will act as an extension of the Board of Trustees. As such, and within any restrictions imposed from time to time by the Board of Trustees, the Executive Committee is vested with the full power and authority of the Board. It will perform all functions of the Board of Trustees between Board meetings. Decisions of the Executive Committee shall be by majority vote and shall be subject to confirmation, revision, or reversal by the Board of Trustees. It will also act on recommendations

concerning the financial affairs of the AAM which may include approving the annual budget as presented by the Treasurer and recommended by the ABAC.

5.1 Code of ethics

A formal code of ethics is not required by US law, but its adoption helps demonstrate our commitment to carry out our responsibilities ethically and effectively. A number of measures in this regard are already in place.

The Audit and Board Affairs Committee oversees various aspects of the American Air Museum's governance functions on behalf of the Board, including:

- § Periodically reviewing Board performance
- § Maintaining oversight of procedures for compliance with significant applicable legal, ethical and regulatory requirements that impact American Air Museum governance.
- § Ensuring robust and respectful board-management interaction

Existing American Air Museum policies, such as the Conflict of Interest Policy and the Whistleblower Policy, also form part of this code.

5.2 Whistleblowing policy

The American Air Museum Whistleblowing Policy is included in the Amended & Restated By-Laws, Article XIII. The Compliance Officer is Chair, Audit and Board Affairs Committee.

5.3 Conflict of interest

The American Air Museum Conflict of Interest Policy includes a written declaration to ensure that each new member of the Board of Trustees is advised of this policy upon entering their duties of office. Every new Board member is required to sign a statement acknowledging understanding of an agreement to this policy. Furthermore, a verbal declaration of a conflict of interest is also required of trustees at the commencement of every Board meeting.

5.4 Risk management

Risk management is viewed as a dynamic process which actively seeks to incorporate good practice. It is responsive and managed through regular review of both internal developments and external factors such as the political, social, economic and legal developments that may influence our exposure to risks or opportunities. The American Air Museum in Britain risk register is periodically updated to assess the main risks faced by the charity and the effectiveness of the controls in place to manage and mitigate these risks. It is reviewed and updated by the Board.

On behalf of the Trustees

Chairman

Date

American Air Museum in Britain Trustees' Responsibility Statement Respective responsibilities of the Trustees

In preparing the financial statements, giving a true and fair view, the trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent;
- Have followed applicable accounting standards, subject to any departures disclosed and explained in the accounts;
- Prepared the financial statements on a going concern basis, unless it is inappropriate to presume that the organisation will continue in operation;
- As far as they are aware, there is no relevant information of which the organisation's auditors are unaware of; and
- Have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the organisation's auditors are aware of that information.

The trustees are responsible for keeping accounting records, which disclose with reasonable accuracy the financial position of the AAM. They are also responsible for safeguarding the assets of the AAM and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF AMERICAN AIR MUSEUM IN
BRITAIN**

..... Date:
Moore Kingston Smith LLP

Devonshire House
60 Goswell Road
London
EC1M 7AD

**The American Air Museum in Britain
Statement of Activities
For the year ended 31 December 2023**

	Unrestricted		Restricted		Totals	Totals
	Note	Operational	Temporarily	Permanent	2023	2022
	\$	\$	\$	\$	\$	\$
Support and Revenues						
Direct Mail	807,696	-	-	-	807,696	840,816
Less Costs of Direct Mail	747,637	-	-	-	747,637	716,718
Net Contribution from Direct Mail	60,059	-	-	-	60,059	124,098
Board Donations	190,796	-	400,000	-	590,796	196,465
Major Gifts	431,313	-	-	-	431,313	314,726
Donated Services	15,251	-	-	-	15,251	614
Event Sponsorship	10,000	-	-	-	10,000	-
Legacies	-	-	-	-	-	5,000
Other Income	9,968	-	-	-	9,968	4,928
IWM Duxford Masterplan	-	581,353	-	-	581,353	-
	657,328	581,353	400,000	-	1,638,681	521,733
Investment income from the Endowment Fund held by the IWM Development Trust	59,026	-	-	-	59,026	50,990
Investment income from the Endowment Fund held by Manning & Napier	92,857	-	-	-	92,857	-
Interest & dividends	6,806	-	-	-	6,806	7,067
Change in value of split level interest agreements	-	-	(7,284)	-	(7,284)	(562)
	158,689	-	(7,284)	-	151,405	57,495
Total Income Generated after Direct Costs	876,076	581,353	392,716	-	1,850,145	703,326
Expenses						
The Annual Funding Requirement						
Operational Support of AAM in Britain	100,000	-	-	-	100,000	100,000
IWM Duxford Masterplan	-	731,353	-	-	731,353	-
IWM Acquisition	12,809	-	-	-	12,809	-
Predator	-	57,000	-	-	57,000	-
Website	-	19,500	-	-	19,500	-
Total Program Grants	112,809	807,853	-	-	920,662	100,000
Operational & Compliance Costs						
AAM Staff Costs	332,083	-	-	-	332,083	223,337
EVP	-	-	-	-	-	9,233
Staff Travel & Expenses	66,793	-	-	-	66,793	51,399
Consultancy	4,208	-	-	-	4,208	5,503
Telephone	640	-	-	-	640	1,304
Events	46,504	-	-	-	46,504	8,482
Rent & Office Equipment	47,940	-	-	-	47,940	32,842
Bank Charges	14,007	-	-	-	14,007	12,919
Postage Costs	25,856	-	-	-	25,856	12,573
Database and Gift Processing	106,711	-	-	-	106,711	104,965
Subscriptions & Licences	2,659	-	-	-	2,659	1,625
Legal Fees	19,142	-	-	-	19,142	8,239
Recruitment Fees	-	-	-	-	-	31,519
Direct Benefits to Donors	12,121	-	-	-	12,121	27,200
Investment Management Fees	4,016	-	11,396	-	15,412	3,539
Total Operational Costs	682,681	-	11,396	-	694,077	534,677
Total Expenses	795,489	807,853	11,396	-	1,614,738	634,677
Change in Net Assets from Operations before transfers	80,587	(226,500)	381,320	-	235,407	68,649
Net (loss) from investments	13,212	-	187,569	-	200,780	(37,157)
Net assets:						
Beginning of the year	228,903	226,500	1,203,271	10,072	1,668,746	1,544,753
Fund adjustment	-	-	-	-	-	92,500
Transfer between funds	-	-	-	-	-	-
End of year	322,701	-	1,772,160	10,072	2,104,933	1,668,746

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**The American Air Museum in Britain Statement of Financial Position
As at 31 December 2023**

	Note	2023 \$	2022 \$
Assets			
Current Assets			
Cash & cash equivalents		828,409	547,081
Inventory		58,014	39,994
Contributions receivable	10	301,954	383,599
Other debtors and prepaid expenses		6,513	9,744
Other assets		-	4,193
Total current assets		1,194,890	984,611
Investments	2	1,986,860	1,201,545
Total assets		3,181,750	2,186,156
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	11a	755,289	136,995
Annuity obligations, current portion	11c	3,456	3,456
Total current liabilities		758,745	140,451
Accounts payable more than one year	11a	310,000	368,173
Non current portion of annuity obligations	11c	8,072	8,786
		318,072	376,959
		1,076,817	517,410
Net assets			
Unrestricted			
Undesignated		322,701	228,903
Total unrestricted		322,701	228,903
Temporarily restricted			
Operational		-	226,500
Expendable endowments		1,772,160	1,203,271
Total temporarily restricted		1,772,160	1,429,771
Permanently restricted			
Permanent Endowments		10,072	10,072
Total net assets		2,104,933	1,668,746
Total liabilities and net assets		3,181,750	2,186,156

The accompanying notes on pages 16 to 22 are an integral part of this financial statement

These accounts were approved by the AAMIB Board on

Secretary and Treasurer

Date

**The American Air Museum in Britain
Statement of Cash Flows
For the year ended 31 December 2023**

Cash flows from Operating Activities

	2023	2022
Change in net assets	436,187	123,992
Net loss from investments	(204,724)	43,148
Change in assets and liabilities		
Inventory	(18,020)	(12,139)
Other assets	4,193	-
Contributions receivable	81,645	415,913
Other debtors and prepaid expenses	3,231	-
Accounts payable	560,121	(23,976)
Annuity obligations	(11,528)	(12,152)
Net cash provided by operating activities	851,104	534,786
Cashflow from investing activities		
Purchase of investments	(1,660,291)	(2,419,927)
Proceeds from the sale and maturity of investments	1,090,515	1,436,721
Net cash provided by (used for) investing activities	(569,776)	(983,206)
Cash flows from financing activities		
Net decrease in cash and cash equivalents	281,328	(428,313)
Cash and cash equivalents at the beginning of the year	547,081	975,393
Cash and cash equivalents at the end of the year	828,409	547,081

The American Air Museum in Britain

Notes to the Financial Statements

As at 31 December 2023

1 Significant Accounting Policies

Basis of Preparation

The financial statements present the financial position, financial activity, and cash flows of the company on the accrual basis of accounting.

The statement of financial activity includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the company's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Having reviewed the financial position, and the five year forecast for 2024-2028, the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern for 12 months from the signing of these financial statements. Trustees have also revised operational plans and expenditures and have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Net Assets

The AAM classifies net assets in the following categories: unrestricted, temporarily restricted, permanent endowments and expendable endowments.

All contributions are considered to be available for unrestricted use unless restricted by the donor as an endowment.

Temporarily restricted funds consist of contributions received and restricted by the donor and held until such time when the funds are drawn down to be used for their specific purpose.

Expendable endowments are contributions made to the AAM to secure its financial sustainability. Limited expenditure may be made in the future out of these funds, subject to a spending rule of 5% of the prior five-year average market value of the endowment, revised in accordance with market conditions.

Permanent endowments are contributions received with permanent donor-imposed restrictions. These include endowments, where the principal amount given is to be preserved by the Museum for posterity and are not to be used for current operational needs.

Cash and cash equivalents

Cash and cash equivalents are considered to be all cash and investments with short and long term maturities. All cash and cash equivalents consisted of cash at the bank as at December 31, 2023.

Contributions

The AAM recognises Contribution revenue in the year the money is received or when an unconditional promise is made generally. Contributions in respect of the Charitable Gift Annuity (CGA) scheme are recognised as temporarily restricted revenue under the expendable endowment fund in an amount equal to the excess of the principal received over the net present value of the expected future annuity payments to be made. All contributions receivable are expected to be collected within

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one year.

Inventory

The inventory, which consists of merchandise available for fulfilments, is stated at the lower of cost and market value, with cost based on the first-in, first-out method of accounting.

1 Significant Accounting Policies continued

Use of estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at December 31, 2023, and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates.

2. Investments

The Organization's investments are measured at fair value and consist entirely of amounts invested in cash, fixed income, equity and fixed income mutual funds. Fair values for these investments are determined by reference to quoted market prices for identical securities. These inputs used to determine fair values are considered Level 1 inputs under generally accepted accounting principles (unadjusted quoted prices in active markets for identical assets).

Investments are carried at market value, and realised and unrealised gains and losses are reflected in the Statement of Activities. Gifts of shares are sold as soon as it is possible, through Morgan Stanley.

The balance of \$4,650 on the Community Future Fund for the Fox Valley Community Region Inc. was transferred to the Fund in 2006, to facilitate the setting up of the American Air Museum in Britain Fund from which the AAM will receive annual distributions when the fund reaches \$10,000.

Endowment Policy

The AAM's endowments serve as a secure financial foundation for many of the Museum's activities.

The AAM's investment objectives are:

1. To provide a stable, growing stream of payouts for current expenditure; and
2. To protect the purchasing power of the endowment against inflation.

Investment Policy and Review

The Audit and Board Affairs Committee determines the specific investment approach, and consults with the investment managers as necessary to conduct a review of the results of AAM investments, establish appropriate benchmarks to compare results and report to the full board.

Such reviews include an examination of all Charitable Gift Annuity funds held by AAM, any trusts where AAM may be the trustee or co-trustee and any trusts where AAM is the beneficiary and where the information on trust investments is available to AAM.

During the year \$600,000 was invested with Manning and Napier to manage the Anglo-American Endowment Fund. The main objective of the investment strategy is the pursuit of long-term capital

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growth, with the goal of meeting the long-term needs of the portfolio. Additional objectives are to exceed the rate of inflation over the long-term and moderation of volatility.

The AAM has endowment funds held on its behalf in sterling in the UK as restricted funds by the Imperial War Museum Development Trust. The investment managers to this fund report progress and results to the AAM Audit and Board Affairs Committee on a regular basis. The funds themselves do not form part of these accounts. At 31 December 2023 the value of these funds was £1,664,949 The investment income generated by them is granted to the AAM and is shown in these accounts as Investment income. This amounted to \$59,026 in 2023.

Spending Policy

Investment activity is reflected in the table below:

	Fox Community Future Fund \$	Manning & Napier Exteter Trust Fund \$	PNC CGAs \$	Total \$
Investments as at 1 January 2023	5,637	1,001,301	194,781	1,201,545
Gifts available for investment				
Shares	-	-	350,056	350,056
Cash	-	600,000	7,146	607,146
Gifts creating annuity trusts	-	-		-
Total Gifts available for investment	4,650	1,601,301	551,983	2,157,934
Investment Returns				
Dividend income	51	20,194	1,260	21,4505
Interest income	-	7,663	5,682	13,345
	5,514	1,629,158	558,925	2,193,597
Fund management charges	(17)	(11,396)	(4,070)	(15,483)
Transfers to cash account	-	(14,253)	(373,076)	(387,329)
Realised and unrealised losses	(847)	187,569	18,003	(204,724)
	4,650	161,920	(359,144)	1,995,508
Annuity trust payments	-	-	(8,648)	(8,648)
Investments as at 31 December 2023	4,650	1,791,078	191,133	1,986,860
Represented by				
Cash & cash equivalents	4,650	40,832	10,670	56,151
Equity Funds	-	931,202	73,170	1,004,372
Fixed income and fixed income funds	-	432,671	107,293	539,964
Mutual Funds	-	386,373	-	386,373
	4,650	1,791,078	191,133	1,986,860

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3. Grants to the Imperial War Museum

For the year ended December 31, 2023, funds generated from operations of the AAM to the amount of \$100,000 (2022, \$100,000) were allocated to fulfil the operational grant to Imperial War Museum, a UK charity. This is necessary for learning activities and the maintenance of the physical museum, together with the exhibitions and collections therein.

4. Income held for the Imperial War Museum Simulator

During the year, a gift of \$570,000 was received towards the IWM Duxford Masterplan. This money is shown as an accrual on the balance sheet until such time as the conditions for the gift are met by the Imperial War Museum.

5. Endowment Fund held by the Imperial War Museum Development Trust

There are funds held separately in the UK as restricted for AAM. The Audit and Board Affairs Committee monitors the management and performance of these funds on behalf of the Board. The value of this fund at 31st December 2023 was £1,664,949 (2022, £1,575,154).

6. Staff Costs

The staffing costs for 2023 include salaries and wages of \$308,244 (2022, \$209,435), and medical insurance and workers compensation of \$17,440 (2022, \$7,437).

7. Corporation Tax

The Organization generally has exemption from payments of corporation tax, and accounts for income taxes in accordance with Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for the uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

8. Related Parties

During the year \$1,160,796 (2022, \$196,465) unrestricted gifts was received from Trustees.

9. Subsequent Events Review

Subsequent events have been evaluated through to the date of the auditor's report, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

10. Contributions Receivable

Contributions receivable, net, are summarized as follows on 31st December 2023.

	31 December 2023	31 December 2022
	\$	\$
Due within less than one year	201,954	383,599
Of which includes amounts owed by		
Imperial War Museum Development Trust	45,050	41,601
Imperial War Museum	-	3,753
Manning and Napier	65,000	-
Donors	132,454	338,245
Due in more than one year		
Donors	100,000	-

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11a. Accounts Payable

Accounts payable are summarized as follows, with the largest creditors listed separately:

	31 December 2023	31 December 2022
	\$	\$
Current	755,289	136,995
Of which includes amounts owed to		
Imperial War Museum for operational costs	100,000	100,000
Imperial War Museum for IWM Duxford Masterplan	570,000	-
Accounts payable more than one year		
Imperial War Museum for operational costs	310,000	368,173

11b. Operating Leases

At the 31 December 2023, the charity had the following future minimum lease payments under operating leases, which fall due as follows:

	2023	2022
	\$	\$
Within one year	3,840	3,840
	3,840	3,840

11c. Annuity Obligations

Annuity obligations are summarized as follows:

	31 December 2023	31 December 2022
	\$	\$
Current	3,456	3,456
Non-current	8,072	8,786
	11,528	12,242

12. Expenditure

Expenses have been set out in a revised format, in 2023, to enable greater understanding of the costs of expenditure made on Direct Mail income. The 2022 expenditure has been restated to follow the same format.

During the year, the American Air Museum in Britain received pro bono legal fees from Gibson, Dunn & Crutcher LLP to the total of \$15,251. This amount was allocated across all unrestricted, operational, non-staff, expenditure.

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		Unrestricted 2023 Direct Costs	2023 Pro Bono Legal Fees	Total 2023 Unrestricted Costs
		\$	\$	\$
Expenses				
	Costs of Direct Mail	737,255	10,382	747,637
	Operational Support of AAMiB	100,000	-	100,000
	IWM Acquisition	12,809	-	12,809
Operational & Compliance Costs				
	AAM Staff Costs	332,083	-	332,083
	Staff Travel & Office Expenses	65,865	928	66,793
	Consultancy	4,150	58	4,208
	Telephone	631	9	640
	Events	45,858	646	46,504
	Rent & Office Equipment	47,275	666	47,940
	Bank Charges	13,812	195	14,007
	Postage Costs	25,497	359	25,856
	Database & Gift processing	105,229	1,482	106,711
	Subscriptions & Licences	2,622	37	2,659
	Legal Fees	18,876	266	19,142
	Direct benefits to Donors	11,953	168	12,121
	Investment Management Fees	3,960	56	4,016
Total Operational Costs		360,980	4,869	350,598
Total Expenses		1,527,067	15,251	1,530,318

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As at 31 December 2023

The 2022 pro bono legal fee received was \$614 These have been presented with the above to aid comparability.

	Unrestricted 2022 Direct Costs	2022 Pro Bono Legal Fees	Total 2022 Unrestricted Costs
	\$	\$	\$
Expenses			
Costs of Direct Mail	716,285	432	716,717
Operational Support of AAMiB	100,000		100,000
Operational & Compliance Costs			
AAM Staff Costs	223,337	-	223,337
EVP	9,233	-	9,233
Staff Travel & Office Expenses	51,368	31	51,399
Consultancy	5,500	3	5,503
Telephone	1,303	1	1,304
Events	8,477	5	8,482
Rent & Office Equipment	32,822	20	32,842
Bank Charges	12,911	8	12,919
Postage Costs	12,565	8	12,573
Database & Gift processing	104,901	63	104,964
Subscriptions & Licences	1,624	1	1,625
Legal Fees	8,234	5	8,239
Recruitment Fees	31,500	19	31,519
Direct benefits to Donors	27,184	16	27,200
Investment Management Fees	3,537	2	3,539
Total Operational Costs	534,495	182	534,677
Total Expenses	1,350,780	614	1,351,394