

# Estrella Squadron

## Newsletter



All the news that's fit to print and then some!

Volume VIII Number 3

Paso Robles, California

March 1997

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### March Meeting

The March Meeting will be held on Wednesday, March 5, 1997 at the Hangar with Social Hour commencing at 6:00pm and Dinner at 7:00pm

Our Chef de Cuisine, John Himes, has promised us Corned Beef & Cabbage in honor off St. Patrick's Day so wear your green and come with an appetite.

There will be no formal program as this will be the first of our Business Meetings for the year. There are a number of things to be discussed so please make every effort to be there.

### Chamber Mixer & Grand Opening a Huge Success

SEE GLEN THOMSON'S WELCOMING ADDRESS ON PAGE 3

Those of you who attended our February 12th event can attest to the fact that it was an outstanding evening!! We had upwards of 200 people in attendance including the Mayor and other Councilmen as well as dozens of townspeople, business owners, supporters and others who just came out to see what was going on.

The place looked great in spite of the fact that we are only in the early stages of setting up our museum and grounds and there were many, many compliments comments. Several people said it was the best mixer they had ever

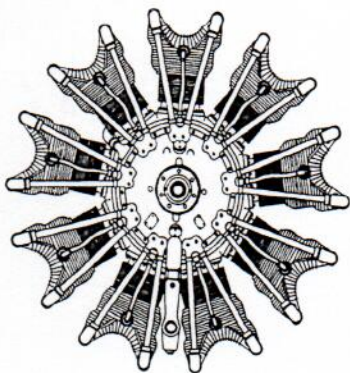
attended. The food was superior and plentiful and everyone had a great time.

This was a most important event for the Museum because it is the first time that it has really been on display. There were many people there who had never even been aware of our existence and many others who had only a casual knowledge of our operation. Consequently, it went a long way towards informing some of our more influential and involved citizens as to the scope of our organization.

### Museum Group Hosting Also Very Successful

On very short notice we were asked to provide some sort of program for members of the Western Region Air Museum group who were having their annual meeting at the Santa Maria Museum. Evidently they have their meeting and then try to visit one or more air museums in a given area. Since we're about it on the Central Coast we were asked to host the visit.

As usual, some of the members of our "short notice" bunch got together and provided a barbecue on Saturday the 22nd as well as entertainment in the form of formation flybys by the L-Birds accompanied by Chuck Wentworth in the TBM!!



## The Estrella Squadron Newsletter

is published monthly as an unofficial and voluntary contribution. Contents and opinions, other than by-line columns, are the sole responsibility of the Editor, Col. Bruce MacE. Toomey unless otherwise noted.

Submission for inclusion are not only welcomed but solicited, including articles, display and classified ads, etc. Please send all submissions to the Editor (by name) at P.O. Box 3065, Paso Robles, CA 93447.

Graphics, computer layout, design and use of photocopying machine as well as paper and other supplies are the contribution of Stuart Toomey and,

Toomey Racing USA  
3019 Propeller Drive  
Paso Robles, CA 93446

(Bruce Toomey has no business connection with or financial interest in Toomey Racing).



Again, this was a complete success; the food, prepared by John Himes was great and we have received many compliments from those who attended. There were a number of members of the Group who said it was the best function they had ever had!!

This is a great tribute to those few souls who constantly bite the bullet and make good things happen. We have some fantastic members in our group, troops. Let's all give some thought about helping out. It's fun and it certainly enhances the reputation of the organization!!!

## Museum Finances

You will note that this Newsletter contains a separate section devoted to Museum Accounting. To keep our members informed and in answer to questions by many of our members, the Museum Board (and particularly, Jeff Wells, the Financial Officer) has gone to considerable lengths to provide the membership with a complete accounting of Museum funds and a background and financial history of the Museum.

Please read Jeff's letter carefully and look over the statement. This should go a long way toward clearing up any misunderstandings with regard to the position of the Museum on a number of matters. Any questions will be discussed at the Business Meeting on March 5th.

## Interior Improvements

The next time you belly up to the bar at a meeting for a spot of wine or beer, you might just look down at the counter top and notice that the finish has changed from a pitted, cigar burned surface or, at best, a piece of plywood covering up said surface, to a nice shiny varnished sheen worthy of anyone's elbow.

This vast improvement is the work of new member, Col. Donald Hilston!

You might also look at the counter in front of the kitchen section and notice a new white formica-type surface on what was another disgrace. This is also the work of Col Hilston to whom we extend sincere thanks for helping to improve something that has been bugging all of us for months!!

## Flight Roster

Beginning this month we are implementing a new Duty Flight support program as worked out by our Executive Flight Leader, Col. Bob Singleton.

In the past each Flight has been assigned to be the Duty Flight of the month with regard to dinners and other activities. This is sometimes a burden on a particular Flight that has fewer members than others because of resignations or transfers or because it has a preponderance of members who are actively engaged in ongoing activities. Also there are occasions when one or more Flight members are simply unavailable at that particular time.

Therefor, as of the March meeting, Delta Flight under Col. John Kendall will be the Duty Flight. Echo Flight under Col. Bill Exline will be the support Flight and will help out Delta Flight if necessary. In April, Echo Flight will be the Duty Flight and Delta Flight will provide support.

In May, Foxtrot Flight will have the Duty and Golf Flight will be support and they will then sway in June.

This will allow us to sort of "double up" if necessary to provide the help required for the month's activities.

This will also hold for the Docent Program which is being handled by Col. Gary Shepard. As of March, Kilo Flight commanded by Col. James Wood would provide Docents for

**Estrella Squadron Staff**

Commanding Officer  
Col. Blake Wideman

Executive Officer  
OPEN

Finance  
Col. Rosemary Netto

Adjutant  
Col. John Himes

Operations  
Col. Gary Shepard

Maintenance  
Col. Al Schade

Safety  
Col. James Wood

**Staff Appointments**

At Large  
Col. Jeff Welles

PIO and Activities  
Blake Wideman (Temp)

PX Officer  
Willa Killion

Aircraft Restoration Projects  
Col. Al Schade

Historian  
Col. John Davis



CAF Hangar Phone  
238-9317

March supported by Lima Flight commanded by Col. Bob Singleton. In April they would simply switch and then in May two new Flights would take over.

It is hoped that this will provide plenty of help without overloading a single Flight. Let's give it a shot and try to make it work!!

**Hangar Security**

We are still having problems with regard to the Security System at the Hangar. As of Monday night at 9:00pm the Hangar was locked but the Security System was NOT armed.

This is not the first time. Others have reported that they have gone to the Hangar on more than one occasion at off hours and found the system UNARMED.

We simply HAVE to do better in this regard. If we are going to have artifacts on loan from others we MUST be able to protect them as best we can. We have been GIVEN a free system so for heaven's sake lets USE the thing properly.

If you don't know what to do to arm the system upon leaving, READ THE NOTICE ABOVE THE CONTROL WHICH SPELLS IT OUT ABOUT AS PLAIN AS IT CAN BE. If you still have a question call Glen, Gary or Keith and you can call Bruce Toomey any time (238-9266) up to about midnight any night. Don't be embarrassed. It's better to call than have something valuable stolen!!! 'Nuff said.

**A Request From Our Chaplain**

Chaplain Col. "Park" Parkening, who's appointment to fill this voluntary position was announced in the December newsletter, has asked us to inquire of the membership as to their knowledge regarding the availability of various types of greeting cards which would portray something of interest to members, such as aviation, aerospace etc. Things like this are available but we just don't know from what source. If

you have any information please call Park at 546-9054 in SLO.

Also, he has asked that each member contact him if they know of one of our group who might be ill or in difficulty or otherwise indisposed so that we as a Squadron might be of help.

Please keep this in mind and help expand the brotherhood of the group.

**Chairman's Address At Grand Opening**

Good afternoon ladies & gentlemen - as Chairman of the Board of Directors for the Estrella Warbirds Museum I would like to welcome all of you to our combined Chamber Mixer/Grand Opening. We especially want to thank all of those who have been so instrumental in reaching this point. We are very grateful as it would have been impossible to open this facility without your considerable help.

So many people and businesses helped in so many ways that it would be unfair to single out any in particular, so all I can say is thank you from the bottom of my heart. There are boards listing names of these contributors on the wall and at each entry door.

But what you see here is only the beginning. We are dedicated to produce on this site a comprehensive Museum and Resource Center where people can come to see aircraft, artifacts and written materials related thereto. Beyond the current improvements we have plans to erect an activities building, a restoration hangar, establish offices on the front of this building and to add to the size of this structure. We will endeavor in every manner to acquire aircraft, restore aircraft and fly aircraft of an historical nature so they will not be lost to future generations.

**Committee Chairs****CAF****Program**

George Marrett  
466-7640

**Dinners**

OPEN

**Membership**

Obbie Atkinson  
238-9212

**Hangar/Grounds**

Kevin Craig  
238-4643

Bruce Toomey  
238-9266

**Air Show**

Blake Wideman  
237-2810

**Ground Equipment**

Dave Geiger  
239-1598

**Project Manager**

Gary Corippo  
238-2090  
238-0888

**Insurance**

Brian Webster  
237-0222

**Refreshments**

Doug Miner  
239-1054

**Activities**

OPEN

**Photo**

Ralph Grasso  
237-2813

**JOINT CAF/EWM**

Joint Site Improvements  
Glen Thomson

Joint Community Events  
Committee  
Gary Corippo

In line with these ambitious plans, the Estrella Warbirds Museum is now beginning a concerted membership drive. We have several levels of participation. I urge anyone with any interest in what we are doing here to see any member and secure a membership form. We are going to need a great deal of help to make these dreams come true. Again, thank you, thank you, thank you.

**Still Looking For PIO Officer**

We are still on the lookout for an individual who will volunteer to be the Public Information Officer. This is a vital position and one that can do a tremendous amount of good for the organization. Ideally he or she should be someone who can contact newspapers and radio /TV stations, be able to write copy and be responsible for the promoting of the organization in general and the Air Show in particular when called upon.

Good communication skills would be more important than familiarity with aviation per se since within the group there is all the aviation expertise he or she would ever need to call upon.

There are a lot of hidden talents out there in our group and it would be wonderful if someone would step up and take this on. It wouldn't be a hard job at all but merely a continuing one to see to it that the Museum and the Squadron received all the publicity it is entitled to. The person would get all the help in the world and would really just have to be a focal point to see to it that the information was just handled properly. C'mon someone, maybe one of the wives who has more talent than most of the rest of us would do it. It would be a great help.

**Dinner Crew Chief Volunteer?**

We are informed via the grapevine that Carol Weiss, wife of Tom Weiss, has agreed to take over the responsibilities of organizing the dinners for our monthly meetings. She will coordinate the efforts necessary to put on the dinners and handle everything but the cooking itself. Since Carol has been responsible for the dessert teams for a while now she will obviously need someone to take that on to relieve her for other duties.

This a boon for the group because Carol is one hard worker, organized and conscientious.

Please be prepared to help out when she calls. A few organized hands are a whole lot better than just a bunch people standing around trying to help. With Carol's ability and with help from all of us we should be in great shape with regard to our dinners.

Thank you Carol from all of us.

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Craig Fossey  
General Manager

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Confederate Air Force  
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To:

7

**ESTRELLA WARBIRDS MUSEUM, INC.**  
P. O. Box 570  
Paso Robles, CA 93446

February 20, 1997

Confederate Air Force  
Estrella Squadron

Re: Financial Statements: 1993, 1994, 1995, 1996

Dear Fellow Colonels and Sponsor Members:

There has been some inquiry recently about the cash position and financial condition of the Estrella Warbirds Museum, Inc. ("Museum") in light of the goals of the recent Matching Donations Campaign. I also believe that members need to be appraised of our financial results on a regular basis.

It is appropriate that the discussion focus on the financial condition of our organization before and after the Campaign.

First, the Matching Gifts Campaign was a success! We had a pledge from one of our members to match up to \$5,000 if we could raise an equal amount from our membership. We reached that goal just after the first of the year. Without this program, the Museum would have been in difficult financial shape.

Second, we need to remember that when the program was presented this last summer, the Museum was in serious need of capital. This program was a creative way to raise needed funds to take care of pressing financial obligations the Museum had incurred in the development of our hangar facility.

By way of review (please refer to the financial statements), we undertook the development of our new facilities development in late 1992 without much in the way of initial financial resources. The Museum was formed in response to the opportunity to attain our own facility, but without any real beginning capital. We negotiated a lease and a loan commitment for \$80,000 from the City of Paso Robles which was estimated would be sufficient, with other proposed sources of funds, to complete the initial phases of the development project.

However, by midway through 1994 the Museum's directors realized that given the increased costs of the first phase and the fixed rental income stream for the first five years of the sublease with the Estrella Squadron of the CAF, it would not be in the best financial interests of the organization to borrow more from the City (against the loan commitment) than could be prudently budgeted for amortizing the loan. As a result, it was estimated that we should actually borrow no more than \$35,000. Your directors held to that decision, even when it meant that some of the "finishing touches" to the hangar had to be deferred until funds became available.

By early 1996, although we had completed most of the initial phase of the project, we had over \$10,000 in current obligations and our first annual loan payment was due after our Airshow. We had hoped that the financial results of the 1996 Airshow would yield enough cash to pay down some of these obligations. This last Airshow actually incurred a small loss (although the cumulative results of all of the Museum's Airshows still show a profit).

Based on this assessment, the directors undertook the Matching Donations Campaign to alleviate the strain on the Museum's finances.

The directors have used the proceeds of the Matching Donations Campaign to materially improve the

financial position of the organization:

1. The obligations (in excess of \$10,000) due at December 31, 1995, have been paid.
2. The first annual payment on the loan from the City (\$6,050 in principal and \$1,626 in accrued interest) was made on time.
3. The directors resolved to make monthly payments on the loan from the City after making the first annual payment. Our feeling was that we should use the rental income from the Squadron to retire the City obligation, so that we would not face a large annual payment which would be difficult to fund if it were "tied" to the financial results of the annual Airshow. We are on track with that mandate and have retired an additional \$2,278 of principal (plus accrued interest).
4. If you remember the abortive Beech 18 aircraft project, you recall that specific donors decided to leave their donations in the Museum after the aircraft was sold. We have intact the remaining \$4,260 of donor funds plus interest income set aside in an interest-bearing account until a suitable project is presented.

Unfortunately, although we have a modest cash balance on hand, we don't presently have sufficient funds to begin serious construction on the next phase of the development project: the Activities Building (40' x 100' meeting facility and kitchen, separate from the main hangar). Some had estimated that we might be able to complete engineering, grading, underground utilities, sewer connections, and concrete foundation work for about \$10,000.

Herein lies the confusion. Although the goal of the Matching Donations Campaign and this amount are approximately the same, it was not the intention of the Campaign to raise funds for the next phase of development. The Campaign was presented as a potential solution to solve the funding shortfall the Museum experienced as a result of the initial phase of development.

Your directors are finalizing the details of an ongoing member and corporate sponsor program, and are planning additional fund-raising programs and financing options which will, hopefully, result in concrete action plans to complete the remaining development of our property.

We all can be very proud of the accomplishments we have made in a relatively short period of time. Our members have volunteered countless hours and generously donated funds and materials to build a facility of our dreams. Review the financial results shown in the accompanying financial statement. I think that you will agree with me that the financial position of our Museum has improved substantially, and our results of operations are significant.

I am happy to answer any questions about our financial results and discuss any of these issues. Thank you for your continued support.

Sincerely,

ESTRELLA WARBIRDS MUSEUM, INC.  
(a California 501(c)(3) non-profit corporation)



by Jeffrey B. Welles  
Treasurer

P. S.: We will soon unveil a permanent memorial in the hangar listing the names (without amounts) of the generous donors who made this Matching Donation Campaign a success. If you haven't had the opportunity to make your gift, please do so by March 15th so that you can be included.



5. LOAN and LOAN COMMITMENT:

The City of Paso Robles has entered into a loan agreement, whereby the City will loan the Museum up to a total of \$80,000 to be used to finance the Museum's airport development. The Museum has up to five years to repay amounts borrowed under this agreement. The Museum has pledged its leasehold interest and the metal buildings as collateral for this loan. Interest is 6% per annum, payable annually. As of June 30, 1996, the Museum had borrowed \$30,500 against this commitment.

The Museum paid the first installment of \$6,100 and accrued in September, 1996. The Museum has adopted an amortization schedule which will retire the \$23,040 balance of the loan through monthly payments of \$573, including interest, by the final due date for the last payment.

The Museum has not decided whether to borrow additional amounts under the commitment from the City to finance additional phases of development.

7. ORGANIZATION:

The Board of Directors of the Museum consists of nine directors elected for two-year terms. The Board has appointed officers who conduct the day-to-day operations of the Museum.

8. SUBLEASE and DEFERRED CREDIT - UNEARNED INCOME:

The Museum has entered into a 5-year sub-lease with the Confederate Air Force (CAF), of Midland, Texas, for its Estrella Squadron (local chapter). The Squadron occupies the Museum hangar building. The monthly rental is \$950. The CAF prepaid \$15,000 of its rental obligation. The CAF makes a cash payment \$700 per month, and uses \$250 per month of the prepaid rent for the balance. The Museum has treated this advance payment as a deferred credit and amortizes it into rental income at \$250 per month. The remaining balance (to be taken into income through October, 2001) at December 31, 1996 is \$11,500.

9. AIRCRAFT AND MUSEUM ARTIFACTS OWNED, AND ON LOAN FROM OTHERS:

Aircraft and artifacts donated to the Museum are valued at their fair market value. This basis is used for balance sheet purposes, as well as for fixing the value to be used for donations of aircraft, military vehicles, and artifacts on the Statement of Operations.

As is typical with other aviation and non-aviation museums, the Museum has in its collection of displayed material, items that are owned by the Museum and items which are "on loan" from others. The Museum has capitalized certain costs incurred in acquiring, transporting, and making ready for display ("Acquisition Costs"), where the aircraft or artifact is believed to be on permanent display. Where the Museum believes that the length of time of the loan is fixed, the Museum will amortize those costs over the applicable "on loan" period. The Museum currently has no material on loan where Acquisition Costs have been incurred which would be amortized over a loan period.

After acquisition and restoration or readying for display, the Museum will incur additional costs for periodic maintenance, insurance, displaying of owned and non-owned museum aircraft and artifacts. The Museum intends to expense these costs as incurred.

In 1995 the Museum acquired an A-6E "Intruder" Vietnam-era aircraft, on permanent loan from the U.S. Navy. The loan agreement values the aircraft at \$1,500,000. The Museum has incurred costs of \$3,379.50 and \$3,417.00, as of 12/31/95 and 12/31/96, respectively, in connection with transporting and displaying this aircraft.

In November, the Museum arranged for the City of Paso Robles to acquire a T-33 Korean-era trainer jet aircraft from the Madera Civil Air Patrol. This aircraft is on permanent loan from the City and is on display.

During 1995 and 1996, the Museum acquired several other historic military vehicles and aircraft tow vehicles. In 1996, a World War 2-era jeep was donated to the Museum. The Museum also is displaying a Link trainer and several pieces of armament on loan from others.

The Museum currently has none of its owned or "on loan" material loaned to other museums.

10. CASH:

Included in the cash balance at December 31, 1995 and 1996 is \$4,260 which the directors have reserved for purposes of aircraft acquisition. This amount represents amounts donated for an aircraft project which was determined to be not feasible for restoration, and was later sold.

11. MATCHING DONATIONS CAMPAIGN:

In 1996, an anonymous Museum member agreed to match donations from others up to \$5,000. As of December 31, 1996, the campaign resulted in the following:

Donations from members	\$ 4,935
Matching donations	4,695
	<hr/>
Campaign total, December 31, 1996	\$ 9,630
balance of matching donations	240
	<hr/>
Anticipated total for 1996	\$ 9,870

An additional \$165 has been donated by members in 1997, bringing the total for members to \$5,100. It is anticipated that the anonymous member will match these donations, as well.

Estrella Warbirds Museum, Inc.  
(a non-profit 501(c)(3) corporation)  
Statement of Financial Condition

ASSETS:

	12-31-93	12-31-94	12-31-95	12-31-96
Current assets:				
Cash (Note 10)	17,929.28	31,893.62	7,965.88	6,978.67
Inventory - PX goods				
Prepaid insurance			2,401.74	232.73
Accounts receivable - airshow				
Total current assets	17,929.28	31,893.62	10,367.62	7,211.40
Fixed assets: (Notes 3,4)				
Furniture, fixtures, and equipment	947.00	947.00	947.00	7,269.00
Buildings, building materials	2,524.23	65,255.57	125,803.25	132,883.48
Total fixed assets:	3,471.23	66,202.57	126,750.25	140,152.48
Less: accumulated depreciation			(738.00)	(4,393.47)
Net fixed assets	3,471.23	66,202.57	126,012.25	135,759.01
Other assets: (Notes 3,9)				
Museum artifacts				4,239.50
Aircraft, owned or on loan from others			3,379.50	3,502.00
Historic military vehicles				10,500.00
Total other assets	0.00	0.00	3,379.50	18,241.50
<b>TOTAL ASSETS</b>	<b>21,400.51</b>	<b>98,096.19</b>	<b>139,759.37</b>	<b>161,211.91</b>

LIABILITIES:

Current liabilities:				
Accounts payable			9,289.84	761.74
Sales tax payable			950.00	675.00
Interest payable			266.88	0.00
Current portion of long-term debt			4,400.00	5,647.64
Funds held for others		2,500.00		
Total current liabilities	0.00	2,500.00	14,906.72	7,084.38
Long-term debt: (Note 5)				
Loan payable, City of Paso Robles, 6% less: current portion			22,000.00	23,040.12
			(4,400.00)	(5,647.64)
Net long-term debt			17,600.00	17,392.48
Deferred credit; unearned income (Note 8)	15,000.00	15,000.00	14,500.00	11,500.00
<b>TOTAL LIABILITIES</b>	<b>15,000.00</b>	<b>17,500.00</b>	<b>47,006.72</b>	<b>35,976.86</b>

FUND BALANCE

Beginning fund balance		6,400.51	80,596.19	92,752.65
Net increase (decrease) in fund	6,400.51	74,195.68	12,156.46	32,482.40
<b>ENDING FUND BALANCE</b>	<b>6,400.51</b>	<b>80,596.19</b>	<b>92,752.65</b>	<b>125,235.05</b>
Total liabilities and equity	21,400.51	98,096.19	139,759.37	161,211.91

Unaudited  
For Management Only  
See Notes to Financial Statements

12

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Estrella Warbirds Museum, Inc.  
(a non-profit 501(c)(3) corporation)  
Statement of Operations

	for the Calendar Years ending:			
	12-31-93	12-31-94	12-31-95	12-31-96
<b>OPERATING RESULTS:</b>				
Revenues:				
Airshow income (Note 2)		72,240.01	73,720.85	45,021.29
Food and beverage sales		3,431.00	1,387.50	390.00
PX sales		1,950.75	152.29	
<b>Total revenues</b>	<b>0.00</b>	<b>77,621.76</b>	<b>75,260.64</b>	<b>45,411.29</b>
Direct costs:				
Airshow costs (Note 2)	0.00	74,209.64	65,406.05	47,676.71
Food and beverage costs		1,808.45	717.79	110.36
PX costs		1,072.86	644.29	
	<b>0.00</b>	<b>77,090.95</b>	<b>66,768.13</b>	<b>47,787.07</b>
<b>GROSS PROFIT FROM OPERATIONS:</b>	<b>0.00</b>	<b>530.81</b>	<b>8,492.51</b>	<b>(2,375.78)</b>
<b>OTHER INCOME AND EXPENSES:</b>				
Revenues:				
Donations, cash (Note 11)	7,355.00	22,464.00	4,905.28	4,935.00
Donations, cash - matching (Note 11)				4,695.00
Donations, material and property (Note 3) 19,634.00		54,000.00		
Donations, aircraft and artifacts (Note 3)				21,061.50
Dues (membership)		290.00	35.00	105.00
Grant income				1,000.00
Royalty income				575.00
Interest income	53.56	300.43	319.41	180.47
Rental income			1,900.00	11,400.00
<b>Total other revenues</b>	<b>7,408.56</b>	<b>77,054.43</b>	<b>7,159.69</b>	<b>43,951.97</b>
<b>subtotal</b>	<b>7,408.56</b>	<b>77,585.24</b>	<b>15,652.20</b>	<b>41,576.19</b>
Gen'l and admin. expenses (see Schedule below)	1,008.05	3,389.56	3,495.74	9,093.79
<b>Net income (Increase in Fund Balance)</b>	<b>6,400.51</b>	<b>74,195.68</b>	<b>12,156.46</b>	<b>32,482.40</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES:</b>				
Advertising			175.00	15.00
Bank charges	66.00	66.72		
Depreciation and amortization			738.00	3,655.47
Dues and subscriptions		150.00	175.00	
Equipment rentals	161.45			
Insurance		2,387.00	218.34	2,013.89
Interest			282.44	1,684.23
Legal and accounting		5.00		
Office supplies	51.17	278.52	741.21	582.17
Postage		80.00		
Rent		1.00	2.00	
Repairs and maintenance		64.35		100.61
Taxes		81.97	1,163.75	991.72
Tools	729.43			
Travel and entertainment		275.00		50.70
<b>Total general and administrative expenses</b>	<b>1,008.05</b>	<b>3,389.56</b>	<b>3,495.74</b>	<b>9,093.79</b>

Unaudited  
For Management Only  
See Notes to Financial Statements

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Estrella Warbirds Museum, Inc.  
(a non-profit 501(c)(3) corporation)  
Cash Flow Statement

	for the Calendar Years ending:			
	12-31-93	12-31-94	12-31-95	12-31-96
Net income:	6,400.51	74,195.68	12,156.46	32,482.40
Adjustments to income, non-cash:				
Less: non-cash donations (in property) (Note 3)		(54,000.00)		(21,061.50)
Less: rental income from use of deferred credits (Note 8)			(500.00)	(3,000.00)
Add back: depreciation expense			738.00	3,655.47
Net income from cash sources (Cash Income)	6,400.51	20,195.68	12,394.46	12,076.37
Cash flow effect of other transactions:				
Development of facility (fixed assets):				
Used for purchase of fixed assets	(3,471.23)	(62,731.34)	(60,547.68)	(7,080.23)
Add back: portion in the form of donations, above		54,000.00		
Net cash used for development of facility	(3,471.23)	(8,731.34)	(60,547.68)	(7,080.23)
Borrowings from City of Paso Robles (Note 5)			22,000.00	8,500.00
Repayment of loan from City of Paso Robles (Note 5)				(7,459.88)
Net increase (decrease) in City loan balance			22,000.00	1,040.12
Deferred rent received from CAF-Estrella Squadron (Note 8)	15,000.00			
Purchase of museum artifacts, aircraft, and historic military vehicles, other than by donation			(3,379.50)	(122.50)
Other balance sheet transactions, cash USED BY (PROVIDED BY):				
Prepaid insurance			(2,401.74)	2,169.01
Funds held for others		2,500.00	(2,500.00)	
Financed by current payables (other than current LTD)			10,506.72	
Reduction in current payables (other than current LTD)				(9,069.98)
Total other balance sheet transactions		2,500.00	5,604.98	(6,909.97)
Net effect from other transactions: increase (or decrease) in cash	11,528.77	(6,231.34)	(36,322.20)	(13,063.58)
NET INCREASE (or DECREASE) IN CASH BALANCE	17,929.28	13,964.34	(23,927.74)	(987.21)
Reconciliation of cash balances:				
Beginning cash balance	0.00	17,929.28	31,893.62	7,965.88
Net increase (or decrease) in cash, per above	17,929.28	13,964.34	(23,927.74)	(987.21)
Ending cash balance	17,929.28	31,893.62	7,965.88	6,978.67

Unaudited  
For Management Only  
See Notes to Financial Statements

Estrella Warbirds Museum, Inc.  
(a non-profit 501(c)(3) corporation)  
Notes to Financial Statements  
at December 31, 1993, 1994, 1995, and 1996

1. FISCAL YEAR:

The Museum was formed in late 1992, but had no substantial transactions until 1993. The Museum's fiscal year is a calendar year. The Statements of Operations reflect the operations for the years ending December 31, 1993, 1994, 1995, and 1996

2. LEASEHOLD INTEREST:

In October, 1993, the Museum leased approximately 4-1/2 acres situated at the Paso Robles Municipal Airport from the City of Paso Robles. The term of the lease is 40-years at a rental of \$1 per year. The Museum's present plan is to develop the site with four buildings and various improvements. The first hangar building has been completed and was occupied in November, 1995.

The Museum is obligated by the terms of its lease to develop the property in certain phases. The Museum believes that it either it will be able to comply with the agreed upon timetable to the satisfaction of the City, or the City will extend the period required for performance. The Museum is also obligated to conduct an annual airshow. The Museum has conducted an airshow for the past 4 years (an affiliated organization conducted the airshow for 3 previous years). The results of its airshow operations are included in the Statements of Operations. It is the Museum's intention to continue to conduct this airshow in late Spring or early Summer of each year.

3. DONATIONS, MATERIAL AND PROPERTY:

In March, 1994, several metal buildings, totalling approximately 32,000 square feet, were donated to the Museum with the stipulation that the buildings be removed by the Museum, so the site where they were located could be cleared. The buildings had been part of a non-operating almond processing plant in Paso Robles, California, and range in age from ten to twenty years old. An independent appraiser estimated the fair market value at \$131,000. The buildings have been dismantled and moved to the Museum's leasehold site at the airport.

In 1996, with the completion of the first of the Museum buildings, several collections of museum artifacts were donated to the museum. In addition, the Museum received the donation of office equipment, store fixtures (which are being converted to museum display fixtures), and a restored 1948 Jeep military historical vehicle.

4. COSTS OF BUILDINGS AND IMPROVEMENTS:

Two of the buildings were subsequently sold in 1994 for \$19,634. The Museum has incurred costs for site improvements to the leased site, as well as costs to erect one of the metal buildings and interior improvements.

	Yr end 12/31/93	Yr end 12/31/94	Yr end 12/31/95	Yr end 12/31/96
Beginning balance, buildings	\$ -0-	\$ 2,524.23	\$ 65,255.27	\$ 125,803.25
Fair market value, donated buildings		131,000.00		
Write down costs, bldgs sold		( 77,000.00)		
Building materials, costs	2,524.23	8,731.34	60,547.68	7,080.23
Costs, end of period	<u>\$ 2,524.23</u>	<u>\$ 65,255.57</u>	<u>\$125,803.25</u>	<u>\$ 132,883.48</u>

The costs of the building improvements is being amortized over the remaining lease term on a straight-line depreciation basis.