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An Audit Report on

**State Appropriations for the
Museum Airpower Heritage
Museum**

December 2014
Report No. 15-013



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Overall Conclusion

The American Airpower Heritage Museum (Museum), which is not a state agency, received approximately \$2.0 million in state appropriations during fiscal years 2010 through 2014 through Midland College. Because the state-appropriated funds were transferred from Midland College to a non-state entity, the funds were not subject to most General Appropriations Act or statutory restrictions. As a result, the Museum legitimately spent \$60,297 of the state-appropriated funds in ways that would have been restricted by the General Appropriations Act or other statutory provisions, but that were not applicable to the Museum. Additionally, no state entity, including Midland College, monitored the Museum's use of the \$2.0 million in state-appropriated funds.

The only authoritative guidance on the proper use of the state-appropriated funds by the Museum is a December 2009 memorandum of understanding (memorandum) between Midland College and the Museum. The terms of the memorandum are broad and allow the Museum¹ a large amount of discretion in its use of state-appropriated funds.

For example, the Commemorative Air Force (CAF) provides assistance to the Museum (see text box). However, neither the CAF nor the Museum had a documented methodology to identify how shared costs should be allocated between the two entities. In some cases, the Museum did not allocate any of the costs for goods and services that also benefitted the CAF.

Background Information

The American Airpower Heritage Museum (Museum), which is located in Midland, Texas, houses 100,000 square feet of permanent exhibits that tell the story of World War II. The Museum reported an average attendance of 11,581 visitors annually for fiscal years 2010 through 2014.

The Museum is accredited by the American Alliance of Museums and is a member of the Smithsonian Affiliations program.

The Legislature appropriated a total of approximately \$9.7 million to Midland College to pass through to the Museum in General Appropriation Acts that covered fiscal years 1994 through 2015 (see Appendix 9). Auditors audited the \$2.0 million in funds that the Museum received through those appropriations during fiscal years 2010 through 2014. State-appropriated funds represented 51 percent of the Museum's total revenues during the audit period.

The Museum is a member of the American Airpower Heritage Group (Group), which is governed by a board elected by the Group's general members. Group board members who are on the Museum's board are the only voting members of the Museum's board.

The Commemorative Air Force - Headquarters (CAF) is another Group member. The CAF provides administrative and management assistance to the other members of the Group, including the Museum. That assistance includes managing the Museum's state-appropriated funds and processing payments made with the state-appropriated funds.

On April 29, 2014, CAF management announced plans to relocate CAF headquarters, which currently adjoin the Museum, to the Dallas Executive Airport. CAF management announced that the Museum will remain in Midland. (See Appendix 7 for a time line of the Museum's history.)

¹ Commemorative Air Force personnel oversee and perform all aspects of the Museum's accounting. For simplicity, this report attributes accounting activity to the Museum.

In one instance, the Museum paid \$444,515 to remodel its entrance areas, including the CAF's gift shop, with fiscal year 2010 and 2011 state-appropriated funds. The Museum did not allocate any of the remodeling costs to the CAF, even though the CAF receives all gift shop revenues.

The Museum effectively tracked the flow of the \$2,001,041 in state-appropriated funds and complied with most terms in the memorandum. The Museum spent \$1,710,481 of the state-appropriated funds from September 1, 2009, through May 31, 2014. Of those expenditures, a total of \$966,838 was subject to the memorandum.²

Auditors tested \$952,885 of the Museum's state-funded expenditures that were subject to the memorandum.³ Only one expenditure, for \$546 (0.1 percent), did not comply with the purposes allowed by the memorandum. In addition, 22 expenditures totaling \$18,911 (2.0 percent) had insufficient documentation for auditors to determine whether they complied with the memorandum. For the remaining expenditures, auditors calculated the allocation of the Museum's expenditures by the three broad categories of allowable spending per the memorandum as follows:

- Enhance the educational value to and tourist appeal of Midland College, the Museum, the Permian Basin, or the visiting public: \$361,958 (38.0 percent).
- Enhance the Museum's educational programming: \$355,594 (37.3 percent).
- Renovate Museum exhibitions: \$215,876 (22.6 percent).

In addition to the memorandum, the Museum also used its long-range plan to determine how it would spend its state-appropriated funds. Prior to each legislative session, the Museum submitted biennial funding plans to its board and the state representative in whose district the Museum was located. The plans detailed how the Museum planned to use state-appropriated funds to complete projects in its long-range plan. Those plans, which were for informational purposes, did not impose any restrictions on the use of the state-appropriated funds. The Museum partially completed the projects described in those funding plans.

Auditors communicated a less significant issue related to contractor payroll to the Museum separately in writing.

² The Museum spent \$743,643 in state-appropriated funds prior to the date on which the memorandum became effective.

³ After completion of audit fieldwork, the Museum identified an additional \$13,953 in expenditures that were subject to the memorandum. Auditors did not test those expenditures for compliance with the memorandum.

Summary of Management's Response

The Museum's management agreed with most of the findings in this report. Management did not agree with the report's finding related to the Museum not allocating any of the cost to remodel the CAF's gift shop to the CAF.

The Museum's detailed management response is presented immediately following the recommendation on Page 3 in the Detailed Results section of this report. The Museum's overall management response is presented in Chapter 5.

Summary of Objective, Scope, and Methodology

The objective of this audit was to determine whether state funds appropriated to Midland College for the Museum for fiscal years 2010 through 2014 were distributed and expended in accordance with state law, Midland College policies and procedures, and Museum policies and procedures.

The scope of this audit covered the appropriations the Museum received from Midland College for fiscal years 2010 through 2014 and the expenditures the Museum made using the state-appropriated funds between September 1, 2009, and May 31, 2014.

The audit methodology included tracing the flow of state-appropriated funds from Midland College to the Museum, identifying expenditures for which state-appropriated funds were used, testing expenditures for compliance with the terms of the memorandum between Midland College and the Museum, and reviewing the Museum's long-range plan for 2008 through 2012 and the Museum's biennium funding proposals for fiscal years 2008 through 2013. Auditors also toured the Museum and interviewed staff and management. Auditors did not perform any information technology work.

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Detailed Results

Chapter 1

The State-appropriated Funds the Museum Received During Fiscal Years 2010 through 2014 Were Not Subject to Most General Appropriations Act or Statutory Restrictions

The American Airpower Heritage Museum (Museum), which is not a state agency, received \$2,001,041 in state funds in fiscal years 2010 through 2014 as special item appropriations through Midland College. Those funds represented approximately 50.8 percent of the Museum's total revenues for that time period. Because the state-appropriated funds were transferred from Midland College to a non-state entity, the funds were not subject to most General Appropriations Act or statutory restrictions.

The only authoritative guidance on the funds' proper use is a December 2009 memorandum of understanding (memorandum) between Midland College and the Museum. (See Chapter 2 for more information about the memorandum.)

As a result, the Museum was permitted to spend \$60,297 of its state-appropriated funds for purchases that state agencies are not allowed to make with state-appropriated funds. Those purchases included:

- Food purchases totaling \$41,688. The Texas Constitution⁴ restricts state agencies from purchasing food for employees or visitors to agencies with state-appropriated funds.
- Alcoholic beverage purchases totaling \$4,474. Texas Government Code, Section 2113.101, prohibits state agencies from purchasing alcoholic beverages with state-appropriated funds, except for authorized law enforcement purposes.
- Other purchases totaling \$14,135. The General Appropriations Act restricts special-item appropriations made to higher education institutions to spending on salaries, wages, travel, capital outlay, and other necessary operating expenses. However, the state-appropriated funds transferred to the Museum were not subject to those restrictions. Some of the Museum's purchases using state-appropriated funds included:
 - ♦ Stipends to volunteers totaling \$11,380 in fiscal years 2010 through 2011.
 - ♦ Table sponsorships to attend other organizations' award luncheons totaling \$1,000.

⁴ As interpreted by the Office of the Attorney General Opinion No. C-557 (1965).

The General Appropriations Act also requires public community colleges and junior colleges (colleges) to return unobligated state-appropriated funds to the State Treasury at the end of each fiscal year. The Museum was not subject to that restriction. It received more state-appropriated funds than it expended in fiscal years 2010 through 2013. For example, as of August 31, 2013, the Museum had a balance of \$307,117 in its dedicated state funds money market account, which consisted of state-appropriated funds and interest earned on those funds.

No state entity, including Midland College, exercised oversight for the Museum's use of state-appropriated funds. For example, the memorandum between the College and the Museum did not include a clause that would allow Midland College to audit the state-appropriated funds. Midland College also did not have any policies and procedures that were relevant to the state funds appropriated for the Museum. Except for its annual financial report, the Museum did not prepare any formal reports for external use detailing its use of state-appropriated funds. The Museum's annual financial reports did not provide specific detail on the use of individual restricted funds.

The Commemorative Air Force (CAF)

The CAF provides administrative and management assistance to the Museum. That assistance includes managing the Museum's state-appropriated funds and processing the Museum's payments, including those made with the state-appropriated funds. The CAF's secretary/treasurer oversees and coordinates all aspects of the Museum's accounting and finance activities, which include the Museum's banking, purchasing, and budget. The CAF's controller maintains the Museum's accounting records. In addition, both persons holding management positions at the Museum concurrently hold management positions with the CAF.

The Museum also did not have any policies or procedures specific to its use of the state-appropriated funds. For example, the Commemorative Air Force (CAF) provides assistance to the Museum (see text box). However, neither the CAF nor the Museum had a documented methodology to identify how shared costs should be allocated between the two entities. For example, the Museum used \$74,595 in state-appropriated funds to pay for its share of \$167,286 in expenses allocated between the Museum and CAF. That \$74,595 included \$59,377 toward subscription costs associated with the CAF's accounting software, which also supports the Museum.

In another instance, the Museum paid \$444,515 to remodel its entrance areas, including the CAF's gift shop, with fiscal year 2010 and 2011 state-appropriated funds. The Museum did not allocate any of the remodeling costs to the CAF⁵, even though the CAF receives all gift shop revenues.

A documented methodology for allocating costs could help ensure that the Museum and the CAF pay the appropriate amounts for shared costs.

⁵ The CAF paid the Museum \$1,000 in rent for the CAF gift shop each month from September 2009 through December 2009. There were no additional rent payments between January 2010 and May 2014.

Recommendation

The Museum should (1) identify shared costs, (2) determine how to appropriately allocate those costs to other entities that receive benefit, and (3) document its allocation methodology.

Management's Response

The Museum agrees with the recommendation of the State Auditor's Office. Although shared costs have been allocated, all documentation of the methodology used for such allocations was not in a written form that we could provide. Much of this documentation did exist at one time, but the employee that did this research retired and we were unable to retrieve such documentation. We are in the process of identifying all shared costs and planning on preparing a document that will describe our allocation methodology between the entities so that we can alter any allocations between the entities that might need to be amended in the future.

Legislative Recommendation

The Legislature should consider requiring entities that pass appropriations to non-state entities to implement grant agreements with the funds' recipients. Those agreements should specify how the funds may be spent. Additionally, the agreements should include terms and conditions that require the funds to be spent according to state law and the General Appropriations Act.

The Museum Effectively Tracked the Flow of State-appropriated Funds and Complied with Most Terms in the Memorandum of Understanding

The Museum effectively tracked the flow of state-appropriated funds that it received. The only authoritative guidance on the proper use of the state-appropriated funds to the Museum is the December 2009 memorandum between Midland College and the Museum. Prior to December 2009, there were no state restrictions on how the Museum was able to use state-appropriated funds.

The terms of the memorandum are broad and allow the Museum a large amount of discretion in its use of state-appropriated funds. The Museum spent \$743,643 prior to the memorandum's effective date. It complied with most terms in the memorandum for the \$952,885 in expenditures tested that the Museum made after the memorandum's effective date.⁶

Chapter 2-A

The Museum Effectively Tracked its State-appropriated Funds

The Museum effectively tracked the flow of the \$2,001,041 in state-appropriated funds. It initially deposited the state-appropriated funds into its restricted funds checking account. That account contained both the Museum's state-appropriated funds and other Museum funds. The Museum then deposited most⁷ of the state-appropriated funds into a dedicated state funds money market account, and then it transferred the funds back to the restricted funds checking account as needed to pay for expenditures.

Table 1 lists how the Museum used its state-appropriated funds.

Table 1

| How the Museum Used State-appropriated Funds as of May 31, 2014 | |
|--|--------------------|
| Description | Amount |
| Identified Expenditures | \$1,710,481 |
| Unspent Appropriations | 257,302 |
| Recovered from Vendors | 13,500 |
| Untracked Expenditures | 10,758 |
| Excess Payment on Interfund Loan | 9,000 |
| Total State-appropriated Funds | \$2,001,041 |

⁶ After completion of audit fieldwork, the Museum identified an additional \$13,953 in expenditures that were subject to the memorandum. Auditors did not test those expenditures for compliance with the memorandum.

⁷ The Museum spent \$220,804 in September 2010 before it deposited the funds from its fiscal year 2011 appropriation into its dedicated state funds money market account. Of its fiscal year 2010 through 2014 appropriations, the Museum transferred \$1,780,237 into its dedicated state funds money market account.

Museum management identified transactions through which it spent \$1,710,481 of its state-appropriated funds from September 1, 2009, through May 31, 2014.

The Museum generally expended those state-appropriated funds in accordance with its internal control policies and procedures. Auditors tested \$1,696,528 of those expenditures. The Museum provided sufficient supporting documentation for all but \$19,449 (1.1 percent) of the expenditures tested. Of the Museum’s total expenditures of state-appropriated funds, \$1,256,848 (73.5 percent) was spent in the following three areas:

- Salaries for Museum contract employees: \$618,834.
- Remodeling the Museum’s entrance areas, in 2009, which included:
 - ♦ \$444,515 to remodel the entrance areas and gift shop as discussed in Chapter 1.
 - ♦ \$97,277 to add a gallery about the 507th Fighter Group and an exhibit area for the American Combat Airman Hall of Fame.
- Software subscription fees: \$96,222.

See Appendix 4 for a complete description of how the Museum spent state-appropriated funds.

As of May 31, 2014, the Museum had not spent \$257,302 of its fiscal year 2010 through 2014 state-appropriated funds.

The Museum deposited those funds into its dedicated state funds money market account. That account had a beginning balance of \$200,789 as of September 1, 2009. The Museum earned \$3,038 in interest from state-appropriated funds and paid \$75 in service charges from September 2009 through May 2014. The Museum also reimbursed its dedicated state funds money market account \$20,317 from one of the Museum’s other funds for expenses it had previously paid (see text box). As a result, the dedicated state funds money market account had an ending balance of \$481,371 on May 31, 2014, which is equal to 135 percent of the Museum’s fiscal year 2014 appropriations of \$355,325.

| The Museum’s Dedicated State Funds Money Market Account | |
|---|-------------|
| Beginning Balance - September 1, 2009 | \$200,789 |
| Remaining Funds from Fiscal Year 2010 through 2014 Appropriations | 257,302 |
| Reimbursement of Expenditures Made Before September 1, 2009 | 20,317 |
| Interest Earnings | 3,038 |
| Service Charges | <u>(75)</u> |
| Ending Balance - May 31, 2014 | \$481,371 |

The Museum recovered \$13,500 from one of its vendors after the end of fiscal year 2014.

Auditors identified an overcharge of \$13,500 that the Museum had paid for the 2009 gift shop and entrance area remodeling. Museum management subsequently recovered those funds.

The Museum did not track \$10,758 in expenditures it financed with refunds related to expenditures made with state-appropriated funds.

The Museum deposited those refunds into its restricted funds checking account, but it did not track the refunded amounts as state funds after the funds were deposited and subsequently spent.

The Museum paid \$9,000 in excess of the principal paid for loans from another of the Museum's accounts.

The Museum repaid another of its accounts twice with state-appropriated funds for \$9,000 the Museum had loaned from that account to its dedicated state funds money market account. The Museum reimbursed the dedicated state funds money market account for the extra payment in November 2014 as a result of this audit.

Chapter 2-B

The Museum Complied with Most Terms of the Memorandum

Midland College and the Museum signed the memorandum in December 2009. The Museum substantially complied with the memorandum's spending restrictions, but it did not produce a collaborative, symposia-type program with Midland College, as the memorandum required.

The memorandum was created in response to General Appropriations Act (81st Legislature), Special Provisions Relating Only to State Agencies of Education, Section 56, page III-251, which required higher education institutions that supported museums with state funds to document the museums' relevance to the institutions' academic programs in a report.⁸ See Appendix 3 for Midland College's September 2010 report.

The Museum recognizes that the memorandum establishes restrictions on its use of state-appropriated funds. The American Airpower Heritage Group classifies the state-appropriated funds as Temporarily Restricted Funds on its annual financial report due to the restrictions placed on the funds by the memorandum. The Museum is a reporting unit within the American Airpower Heritage Group's annual financial report.

The memorandum allows the Museum to spend state-appropriated funds to (1) renovate exhibitions; (2) enhance educational programming of the Museum; and (3) enhance the educational value to and tourist appeal of Midland College, the Museum, the Permian Basin, and the visiting public. Those categories are broad and allow the Museum a large amount of discretion in its use of state-appropriated funds. (See Appendix 2 for a copy of the memorandum.)

⁸ The provision in Section 56 did not appear in subsequent General Appropriations Acts.

Auditors examined the \$952,885 of the Museum's state-funded expenditures that were subject to the memorandum⁹ and determined that:

- The Museum spent a total of \$361,958 (38.0 percent) on expenditures related to enhancing the educational value to and tourist appeal of Midland College, the Museum, the Permian Basin, or the visiting public.
- The Museum spent a total of \$355,594 (37.3 percent) on expenditures related to enhancing the Museum's educational programming.
- The Museum spent a total of \$215,876 (22.6 percent) on expenditures related to renovating Museum exhibitions.
- The Museum had insufficient documentation for \$18,911 (2.0 percent) in expenditures for auditors to determine whether the expenditures complied with the memorandum's terms. All of those expenditures were part of the \$19,449 in transactions that auditors examined that were insufficiently documented.
- One expenditure for \$546 (0.1 percent) was for the purchase of a set of plaques as part of an inside joke among the Museum's board members and did not comply with the memorandum's terms.

In addition to specifying how the Museum may spend its state-appropriated funds, the memorandum also requires the Museum and Midland College to produce collaborative, symposia-type programs. Both Museum and Midland College management report that the Museum did not undertake any collaborative educational programming with Midland College. In addition, the Midland College September 2010 report discussed above does not cite any specific instance of collaboration between Midland College and the Museum.

⁹ The transactions audited occurred between the memorandum's December 2009 effective date and May 2014.

The Museum Spent State-appropriated Funds to Partially Complete Its Long-range Plan

The Museum's board of directors approved a long-range plan in 2007 for 2008 through 2012 (see Appendix 5 for information related to the long-range plan). Prior to each legislative session, the Museum submitted biennial funding proposals to its board and the state representative in whose district the Museum was located. Those funding proposals, which were for informational purposes and did not impose any restrictions on the use of the state-appropriated funds, explained how the Museum planned to use state-appropriated funds to implement its long-range plan.

The three funding proposals that covered fiscal years 2008 through 2013 showed the proposed disposition of all \$3.0 million in state-appropriated funds that the Museum requested for those years (see Appendix 6 for copies of those proposals). The Museum partially completed the projects listed in those proposals. Table 2 lists the proposed use of state-appropriated funds as described in the Museum's funding proposals and the related expenditures of state-appropriated funds for fiscal years 2008 through 2013.

Table 2

| Proposed Use and Related Expenditure of State-appropriated Funds for Museum Projects Fiscal Years 2008 through 2013 | | | |
|--|--|--|---|
| Description of Group Projects in Biennial Funding Proposals and Status of Project as of August 2014 | Total Funds Expected to Be Spent on Project ^a | Total Actual Expenditures for Project ^b | Largest Use of Funds |
| Exhibit Expansion - Partially Complete - Add space for exhibits, archival storage, and library, and establish traveling exhibits. | \$1,070,000 | \$791,981 | <ul style="list-style-type: none"> ▪ Remodeling gift shop and lobby: \$444,515. ▪ Museum contract labor staff wages: \$166,379. ▪ 507th Fighter Group exhibit: \$97,277. |
| Collection Conservation and Preservation - Substantially Complete - Improve public search capabilities of collections, improve environmental protection of collections, and improve archival housing. | \$603,550 | \$159,477 | <ul style="list-style-type: none"> ▪ Museum contract labor staff wages: \$108,993. ▪ Smithsonian Affiliations program fee: \$10,000. ▪ Software subscriptions: \$7,133. |
| Airpower Archive and Research Library - Partially Complete - Acquire World War II aviation history materials and create and digitize oral history media of interviews with veterans. Make this material available to the public by expanding the Museum's research library and developing a research database on the Museum's Web site. | \$321,450 | \$34,210 | <ul style="list-style-type: none"> ▪ Museum contract labor staff wages: \$23,908. ▪ Software subscriptions: \$8,618. ▪ Expenditures without supporting documentation: \$1,114. |

**Proposed Use and Related Expenditure of State-appropriated Funds for Museum Projects
Fiscal Years 2008 through 2013**

| Description of Group Projects in Biennial Funding Proposals and Status of Project as of August 2014 | Total Funds Expected to Be Spent on Project ^a | Total Actual Expenditures for Project ^b | Largest Use of Funds |
|---|--|--|---|
| American Combat Airman Hall of Fame - Partially Complete - Fund annual black-tie dinner for inductees, purchase wall plaques for new inductees, produce biographical videos for each new inductee, and create a virtual gallery and DVDs of inductees. | \$310,000 | \$106,656 | <ul style="list-style-type: none"> ▪ Food: \$35,192. ▪ Biographical DVDs: \$34,500. ▪ Entertainment expenses: \$7,301. |
| Visitor Services Program - Substantially Complete - Enhance tourist appeal through enhanced online outreach, strengthen volunteer program, and improve online access to Museum collections. | \$250,000 | \$242,385 | <ul style="list-style-type: none"> ▪ Museum contract labor staff wages: \$127,715. ▪ Software subscriptions: \$57,750. ▪ Advertising and promotion: \$20,000. |
| Seminar Series - Complete - Fund the "Remembrance of War" speaker series from fiscal years 2008 through 2011 and the "Above and Beyond" seminar series in 2012 and 2013. | \$220,000 | \$100,285 | <ul style="list-style-type: none"> ▪ Museum contract labor staff wages: \$32,042. ▪ Speakers fees: \$21,500. ▪ Seminar development contractor: \$12,000. |
| Youth Education Programs - Complete - Fund Junior Aviation Cadet Academy, Aviation Cadet Academy, Venturing Cadet Crew, and Footlocker programs. | \$180,000 | \$175,387 | <ul style="list-style-type: none"> ▪ Museum contract labor staff wages: \$150,315. ▪ Volunteer stipends: \$8,072. ▪ Expenditures without supporting documentation: \$3,855 |
| Develop Board Leadership - Complete - Fund a strategic planning retreat for the Museum board of directors. | \$45,000 | \$1,500 | <ul style="list-style-type: none"> ▪ Miscellaneous Contract Services: \$1,500. |
| Increase the Museum's Financial Viability - Improve the Museum's sustainability through establishing a \$50 million endowment campaign, increasing membership, and strengthening the Museum's financial health. ^c | \$0 | \$84,647 | <ul style="list-style-type: none"> ▪ Ticket printers: \$18,060. ▪ Software subscriptions: \$15,087. ▪ Web site development: \$15,000. |
| Totals | \$3,000,000 | \$1,696,528 | |

^a Funding proposals and expenditures periods cover differing time periods because some expenditures occurred after conclusion of the associated funding proposal. For example, auditors included the funding proposal for fiscal years 2008 and 2009 because the Museum expended funds during the audit period (September 2009 through May 2014) on some projects included in that funding proposal. In addition, the Museum spent funds in fiscal year 2014 for prior funding proposals.

^b The totals in this column are expenditures made in fiscal years 2010 through May 2014. The totals listed may not be all-inclusive because the Museum may have spent funds for some of the projects in fiscal year 2009, which was outside the audit scope.

^c Increasing the Museum's financial viability was one of the goals listed in the long-range plan, but the Museum did not include any associated projects for that goal in its funding proposals. However, the Museum identified certain expenditures of state-appropriated funds during fiscal years 2010 through 2011 as related to that goal. Auditors did not conclude on the status of this project since it was not included in the funding proposals.

The project tasks the Museum completed included:

- Building temporary exhibits, traveling exhibits, and adding electronic educational displays to some of its exhibits.
- Hosting an annual American Combat Airman Hall of Fame (Hall of Fame) black-tie event.
- Creating plaques for Hall of Fame inductees and creating a biographical video for each new member.
- Holding multiple seminars as part of the “Remembrance of War” and “Above and Beyond” seminar series.
- Creating educational materials for youth and holding Aviation Boot Camps and Aviation Cadet Academies.

Project tasks that the Museum did not complete included:

- Displaying Hall of Fame materials as planned. As of September 2014, there were 130 Hall of Fame member plaques. Of that number, 62 (47.7 percent) plaques were not displayed in the Museum. Additionally, the Museum’s Hall of Fame kiosk did not include any of the 23 members inducted after 2009, and the Museum’s Hall of Fame Web site did not contain any of the 39 persons inducted after 2007. (See Chapter 4 for a list of Hall of Fame members.)
- Building a planned exhibit hall to connect the main museum building to the George H.W. and Barbara Bush Commemorative Center Hangar (Commemorative Center). As a result, Museum visitors cannot access the Commemorative Center without an escort through an area restricted by the Federal Aviation Administration. (See Appendix 8 for a map of the Museum.)
- Exhibiting the Museum’s traveling exhibits outside of the Museum between September 1, 2009, and May 31, 2014.
- Digitizing interviews with World War II veterans that were created as part of the Museums’ oral history program.

Members of the American Combat Airman Hall of Fame

The American Airpower Heritage Museum (Museum) inducted the individuals and units listed in Table 3 into the American Combat Airman Hall of Fame, which is located in the Museum. As part of the induction, the Museum prepared a biography of each individual or unit. According to the Museum's funding proposals, it is the Museum's intent to incorporate the biographies into commemorative plaques to be placed on display in the Museum's hall of fame exhibit, and to post an electronic representation of each plaque on the Museum's Web site. In addition, biographical videos are to be made available on a kiosk at the Museum. However, not all of the plaques are on display at the Museum and/or on its Web site. In addition, not all of the biographical videos are available on the kiosk.

Table 3 lists each member of the American Combat Airman Hall of Fame and whether the commemorative plaque is on display at the hall of fame or the Museum's Web site, and whether the biographical video is available on the Museum's kiosk.

Table 3

| Members of the American Combat Airman Hall of Fame | | | |
|--|-----------------------------------|---------------------------------------|------------------------------|
| Member | Plaque Displayed at Hall of Fame? | Electronic Plaque on Museum Web Site? | Video on Hall of Fame Kiosk? |
| Inducted in 1997 | | | |
| Maj. Arthur T. Chin, Chinese Air Force | Yes | Yes | Yes |
| Cmdr. Alex Vraciu, U.S. Navy | Yes | Yes | Yes |
| Brig. Gen. Joseph J. Foss, U.S. Marine Corps | Yes | Yes | Yes |
| Col. Francis S. Gabreski, U.S. Air Force | Yes | Yes | Yes |
| Col. David "Tex" L. Hill, American Volunteer Group | Yes | Yes | Yes |
| Brig. Gen. Paul Tibbits, U.S. Air Force | Yes | Yes | Yes |
| Doolittle Raiders | Yes | Yes | Yes |
| Total Displayed for 1997 | 7 | 7 | 7 |
| Inducted in 1998 | | | |
| Maj. Gen. John R. Alison, U.S. Air Force | Yes | Yes | Yes |
| Col. "Rex" T. Barber, U.S. Air Force | No | Yes | Yes |
| Brig. Gen. Robert E. Galer, U.S. Marine Corps | No | Yes | Yes |
| Maj. Jack Ilfrey, U.S. Army Air Forces | Yes | Yes | Yes |
| Col. Walker "Bud" Mahurin, U.S. Air Force | Yes | Yes | Yes |
| Col. Robert K. Morgan, U.S. Air Force | Yes | Yes | Yes |

| Members of the American Combat Airman Hall of Fame | | | |
|---|-----------------------------------|---------------------------------------|------------------------------|
| Member | Plaque Displayed at Hall of Fame? | Electronic Plaque on Museum Web Site? | Video on Hall of Fame Kiosk? |
| Crew of Grumman TBF Avenger Bureau No. 00380, Torpedo Squadron Eight, U.S. Navy: <ul style="list-style-type: none"> ▪ Ensign Albert K. Earnest ▪ Seaman First Class Jay Manning ▪ Radioman Third Class Harry Ferrier | Yes | Yes | Yes |
| The American Volunteer Group: Flying Tigers | Yes | Yes | Yes |
| Total Displayed for 1998 | 6 | 8 | 8 |
| Inducted in 1999 | | | |
| Lt. Cmdr. Richard H. Best, U.S. Navy | No | Yes | Yes |
| Capt. Ralph E. "Peppy" Blount, U.S. Army Air Forces | No | Yes | Yes |
| Col. Jack Bradley, U.S. Air Force | Yes | Yes | Yes |
| Master Sgt. Henry E. "Red" Erwin, U.S. Army Air Forces | No | Yes | Yes |
| Lt. Gen. Gerald W. Johnson, U.S. Air Force | No | Yes | Yes |
| Col. James B. Morehead, U.S. Air Force | No | Yes | Yes |
| Col. James E. Swett, U.S. Marine Corps Reserve | No | Yes | Yes |
| Eagle Squadrons Nos. 71, 121 and 133, Royal Air Force | No | Yes | Yes |
| Total Displayed for 1999 | 1 | 8 | 8 |
| Inducted in 2000 | | | |
| Col. Victor N. Agather, U.S. Army Air Forces | Yes | Yes | Yes |
| Maj. Richard I. Bong, U.S. Army Air Forces | Yes | Yes | Yes |
| Maj. Kenneth H. Dahlberg, U.S. Army Air Forces | No | Yes | Yes |
| Col. Archie Donahue, U.S. Marine Corps | No | Yes | Yes |
| Col. Joe M. Jackson, U.S. Air Force | No | Yes | Yes |
| Capt. Stanley W. "Swede" Vejtasa, U.S. Navy | Yes | Yes | Yes |
| Col. Bruce E. Wallace, U.S. Army | No | Yes | Yes |
| Lt. Col. Jay Zeamer, U.S. Army Air Forces | No | Yes | Yes |
| The Tuskegee Airmen | Yes | Yes | Yes |
| Total Displayed for 2000 | 4 | 9 | 9 |

| Members of the American Combat Airman Hall of Fame | | | |
|--|-----------------------------------|---------------------------------------|------------------------------|
| Member | Plaque Displayed at Hall of Fame? | Electronic Plaque on Museum Web Site? | Video on Hall of Fame Kiosk? |
| Inducted in 2001 | | | |
| Col. C. E. Anderson, U.S. Air Force | Yes | Yes | Yes |
| Cmdr. Harold L. Buell, U.S. Navy | No | Yes | Yes |
| President George H. W. Bush | Yes | Yes | Yes |
| Chief Aviation Electronics Technician, Wayne Carson Colley, U.S. Navy | No | Yes | Yes |
| Lt. Gen. Keith K. Compton, U.S. Air Force | No | Yes | Yes |
| 1st Lt. Ray (Hap) Halloran, U.S. Army Air Forces | No | Yes | Yes |
| Col. Ralph Parr, U.S. Air Force | No | Yes | Yes |
| Lt. Gen. Jay T. Robbins, U.S. Air Force | No | Yes | Yes |
| 19th Bombardment Group, U.S. Air Force | No | Yes | Yes |
| Total Displayed for 2001 | 2 | 9 | 9 |
| Inducted in 2002 | | | |
| Lt. Col. John F. Bolt, U.S. Marine Corps | Yes | Yes | Yes |
| Brig. Gen. Frank L. Gailer, Jr., U.S. Air Force | Yes | Yes | Yes |
| Command Master Chief Petty Officer Glenn H. Lane, U.S. Navy | No | Yes | Yes |
| Lt. Col. Donald S. Lopez, U.S. Air Force | Yes | Yes | Yes |
| 1st Lt. James F. Luma, U.S. Army Air Forces | No | Yes | Yes |
| Brig. Gen. Robert L. Scott, U.S. Air Force | Yes | Yes | Yes |
| Brig. Gen. William W. Spruance, U.S. Air Force | No | Yes | Yes |
| Navy Fighting 15 (VF-15) | No | Yes | Yes |
| Total Displayed for 2002 | 4 | 8 | 8 |
| Inducted in 2003 | | | |
| Lt. Col. Lee Archer, U.S. Air Force | No | Yes | Yes |
| Maj. Gen. Charles R. Bond, Jr., U.S. Air Force | Yes | Yes | Yes |
| Lt. j.g. O.C. Guthrie, U.S. Navy | Yes | Yes | Yes |
| Lt. Cmdr. Norman W. Mollard, U.S. Navy | Yes | Yes | Yes |
| Col. Steve N. Pisanos, U.S. Air Force | Yes | Yes | Yes |
| Lt. Col. Besby Frank Holmes, U.S. Air Force | Yes | Yes | Yes |

| Members of the American Combat Airman Hall of Fame | | | |
|---|-----------------------------------|---------------------------------------|------------------------------|
| Member | Plaque Displayed at Hall of Fame? | Electronic Plaque on Museum Web Site? | Video on Hall of Fame Kiosk? |
| 43rd Bombardment Group | Yes | Yes | Yes |
| Crew of the B-17 "Ten Horace Power" 351st Bomb Group, U.S. Air Force: | Yes | Yes | Yes |
| <ul style="list-style-type: none"> ▪ Lt. Clarence Nelson ▪ Flight Officer Ronald Bartley ▪ Lt. Joe Martin ▪ Lt. Walter Truemper ▪ Sgt. Carl Moore ▪ Sgt. Archie Mathies ▪ Sgt. Joe Rex ▪ Sgt. Russell Robinson ▪ Sgt. Thomas Sowell ▪ Sgt. Magnus Hagbo | | | |
| Total Displayed for 2003 | 7 | 8 | 8 |
| Inducted in 2004 | | | |
| Col. Donald J. Blakeslee, U.S. Air Force | Yes | Yes | Yes |
| Col. R. E. Cole, U.S. Air Force | Yes | Yes | Yes |
| Cmdr. Ted Crosby, U.S. Navy (Ret) | Yes | Yes | Yes |
| Brig. Gen. Robin Olds, U.S. Air Force (Ret) | Yes | Yes | Yes |
| Maj. George Preddy, U.S. Air Force | No | Yes | Yes |
| Capt. Paul Stevens, U.S. Navy | Yes | Yes | Yes |
| Lt. Col. John Wallace Fields, U.S. Air Force | Yes | Yes | Yes |
| The Flyboys of Chichi Jima | No | Yes | Yes |
| 95th Bombardment Group | Yes | Yes | Yes |
| Total Displayed for 2004 | 7 | 9 | 9 |
| Inducted in 2005 | | | |
| Gen. Theodore R. Milton, U.S. Air Force (Ret) | No | Yes | Yes |
| Cmdr. Raleigh "Dusty" Rhodes, U.S. Navy (Ret) | Yes | Yes | Yes |
| Capt. Joseph D. McGraw, U.S. Navy (Ret) | Yes | Yes | Yes |
| Lt. John T. Bradshaw, Royal Air Force and U.S. Army Air Forces | No | Yes | Yes |
| Lt. Col. Frank Hurlbut, U.S. Air Force (Ret) | No | Yes | Yes |
| Tech Sgt. Arthur Cressman, U.S. Army Air Forces | Yes | Yes | Yes |
| Lt. Gen. James A Knight, Jr., U.S. Army Air Forces | Yes | Yes | Yes |

| Members of the American Combat Airman Hall of Fame | | | |
|--|-----------------------------------|---------------------------------------|------------------------------|
| Member | Plaque Displayed at Hall of Fame? | Electronic Plaque on Museum Web Site? | Video on Hall of Fame Kiosk? |
| China Air Task Force | No | Yes | Yes |
| Total Displayed for 2005 | 4 | 8 | 8 |
| Inducted in 2006 | | | |
| Cmdr. Dean S. Laird, U.S. Navy | Yes | Yes | Yes |
| Col. George E. Day, U.S. Air Force | Yes | Yes | Yes |
| Rear Adm. James D. Ramage, U.S. Navy | Yes | Yes | Yes |
| Petty Officer 1st Class, LeRoy Engberg, U.S. Navy | No | Yes | Yes |
| Lt. Robert A. Hoover, U.S. Air Force | Yes | Yes | Yes |
| Brig. Gen. Robert F. McDenmott, U.S. Air Force | Yes | Yes | Yes |
| Col. Virgal E. Sansing, U.S. Air Force | No | Yes | Yes |
| VMF-214 the "Black Sheep" | Yes | Yes | Yes |
| The Crew of B-29 "Goin' Jesse" | Yes | Yes | Yes |
| Total Displayed for 2006 | 7 | 9 | 9 |
| Inducted in 2007 | | | |
| Col. James M. Davis, U.S. Air Force Reserve | No | Yes | Yes |
| Col. Bernard F. Fisher, U.S. Air Force | No | Yes | Yes |
| Capt. Norman J. Kleiss, U.S. Navy | No | Yes | Yes |
| Cmdr. Donald W. McMilan, U.S. Navy Reserve | No | Yes | Yes |
| Maj. William B. Berry, U.S. Air Force Reserve | No | Yes | Yes |
| Flight Lt. James A. Gray, Royal Air Force | No | Yes | Yes |
| Maj. Gen. T. Chandler, U.S. Army Air Forces | No | Yes | Yes |
| 352nd Fighter Group U.S. Army Air Forces | No | Yes | Yes |
| Total Displayed for 2007 | 0 | 8 | 8 |
| Inducted in 2008 | | | |
| Maj. Gen. Frederick C. Blesse, U.S. Air Force | Yes | No | Yes |
| Lt. Gen. Charles G. Cleveland, U.S. Air Force | No | No | Yes |
| Col. Kenneth Cordier, U.S. Air Force | Yes | No | Yes |
| Capt. Donald Gordon, U.S. Navy | Yes | No | Yes |
| Cmdr. Willis Everett Hardy, U.S. Navy | No | No | Yes |
| Lt. Cmdr. Edward Henry "Butch" O'Hare, U.S. Navy | Yes | No | Yes |

| Members of the American Combat Airman Hall of Fame | | | |
|--|-----------------------------------|---------------------------------------|------------------------------|
| Member | Plaque Displayed at Hall of Fame? | Electronic Plaque on Museum Web Site? | Video on Hall of Fame Kiosk? |
| Col. Harold D. Weekley, U.S. Air Force | Yes | No | Yes |
| 507th Fighter Group, U.S. Army Air Forces | Yes | No | Yes |
| Total Displayed for 2008 | 6 | 0 | 8 |
| Inducted in 2009 | | | |
| Master Sgt. Orville Blackburn, U.S. Air Force | No | No | Yes |
| Lt. j.g. Ross Thomas Collins, U.S. Navy | No | No | Yes |
| Col. Dean Caswell, U.S. Marine Corps | No | No | Yes |
| Lt Col James W. Empey, U.S. Air Force | No | No | Yes |
| Lt. Col. Walter Tom Holmes, U.S. Army Air Forces | No | No | Yes |
| Col. Darrell Welch, U.S. Air Force | No | No | Yes |
| Maj. Fred Ohr, U.S. Army Air Forces | No | No | Yes |
| 49th Fighter Group, U.S. Air Force | No | No | Yes |
| Total Displayed for 2009 | 0 | 0 | 8 |
| Inducted in 2010 | | | |
| Chief Warrant Officer 4th Class Carl U. Fox, U.S. Army | Yes | No | No |
| Robert "Buster" Keeton, American Volunteer Group | No | No | No |
| Dr. Clayton Kelly Gross, U.S. Army Air Forces | No | No | No |
| Brig. Gen. James A. McDivitt, U.S. Air Force | No | No | No |
| Lt. j.g. Maynard J. Mitchell, U.S. Navy | No | No | No |
| Brig. Gen. James M. Vande Hey, U.S. Air Force | No | No | No |
| Capt. Eugene W. Seitz, U.S. Navy | Yes | No | No |
| Misty FAC Forward Air Controllers, U.S. Air Force | Yes | No | No |
| Total Displayed for 2010 | 3 | 0 | 0 |
| Inducted in 2011 | | | |
| Col. Walter Boyne, U.S. Air Force | Yes | No | No |
| 2nd Lt. Orville W. Main, U.S. Army Air Forces | Yes | No | No |
| Brig. Gen. Steve Ritchie | Yes | No | No |
| Col. Harry Spannaus, U.S. Air Force | Yes | No | No |
| The Ravens Forward Air Control | Yes | No | No |
| Total Displayed for 2011 | 5 | 0 | 0 |

| Members of the American Combat Airman Hall of Fame | | | |
|--|-----------------------------------|---------------------------------------|------------------------------|
| Member | Plaque Displayed at Hall of Fame? | Electronic Plaque on Museum Web Site? | Video on Hall of Fame Kiosk? |
| Inducted in 2012 | | | |
| Lt. Col. Burt E. Ballentine, U.S. Air Force | Yes | No | No |
| Lt. Col. Myron R. Dodd, U.S. Army Air Forces | Yes | No | No |
| Maj. Gen. Marion E. Carl, U.S. Marine Corps | Yes | No | No |
| Col. Bruce P. Crandall, U.S. Army | Yes | No | No |
| 509th Composite Group, U.S. Army Air Forces | Yes | No | No |
| Total Displayed for 2012 | 5 | 0 | 0 |
| Inducted in 2013 | | | |
| Maj. Robert J. Bell, U.S. Air Force | No | No | No |
| The 8th Bomb Squadron, U.S. Air Force | No | No | No |
| Capt. Thomas J. Hudner, Jr., U.S. Navy | No | No | No |
| Ensign Jesse L. Brown, U.S. Navy | No | No | No |
| Col. N.G. Brown, U.S. Army | No | No | No |
| Total Displayed for 2013 | 0 | 0 | 0 |
| Totals for All Years | | | |
| Total Members | 130 | 130 | 130 |
| Total Displayed for All Years | 68 (52.3%) | 91 (70.0%) | 107 (82.3%) |
| Total Not Displayed for All Years | 62 (47.7%) | 39 (30.0%) | 23 (17.7%) |

Sources: Membership list from the Museum; information on the Museum's Web site at www.airpowermuseum.org/exhibits/acaahof/; and auditor observations during a visit to the Museum.

Museum Management Responses



CAF AIRPOWER MUSEUM

December 11, 2014

Managing Senior Auditor
State Auditor's Office
P.O. Box 12067
Austin, TX 78711-2067

Dear Mr. Greg Adams,

This letter contains the American Airpower Heritage Museum, Inc.'s management response to the audit report. We would like the following items included in our response.

In the findings, the statement was made, "The Museum spent \$444,515 to remodel its gift shop and lobby. The CAF receives all gift shop revenues." Management feels that this statement may be a mischaracterization. The Museum made the determination to remodel the Lobby, the Admissions desk and the arrival into the galleries of the Museum. Contained within the existing arrival, prior to the remodel, was the CAF gift shop; managed by CAF Staff. (The CAF Gift Shop has always benefitted the CAF, both before and after the remodel.) It was impossible to remodel this area, without impacting the surroundings of the existing Gift Shop. However the design and implementation of the Museum lobby and arrival was done with the sole purpose and resulting impact of enhancing the Museum visitor experience, not the CAF Gift Shop.

Additionally, we would like to add a response to the Audit Details section pertaining to "Stipends to volunteers totaling \$11,380 in fiscal years 2010 through 2011" is correct. However, we would really appreciate it if you could note that these "volunteers" were conducting academy and boot camps to students of magnet schools in the Permian Basin area as well as other children in the Permian Basin.

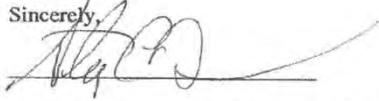
Finally, we would like to respond to your recommendation as follows:

The Museum agrees with the recommendation of the State Auditor's Office. Although shared costs have been allocated, all documentation of the methodology used for such allocations was not in a written form that we could provide. Much of this documentation did exist at one time, but the employee that did this research retired and we were unable to retrieve such documentation. We are in the process of identifying all shared costs and planning on preparing a document that will describe our allocation methodology between the entities so that we can alter any allocations between the entities that might need to be amended in the future.

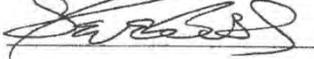
P.O. Box 62000 Midland, Texas 79711 T: (432) 563-1000
9600 Wright Dr. Midland, Texas 79706 F: (432) 567-3047
www.airpowermuseum.org

Please let us know if you need any additional information from us. Again, we appreciate the great working relationship we had with your staff, your professionalism and particularly your patience with us.

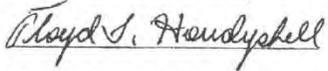
Sincerely,



Stephan C. Brown, Chief Executive Officer



Steve Buss, Museum Director



Floyd S. Houdyshell, Commemorative Air Force Secretary/Treasurer

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether state funds appropriated to Midland College for the American Airpower Heritage Museum (Museum) for fiscal years 2010 through 2014 were distributed and expended in accordance with state law, Midland College policies and procedures, and Museum policies and procedures.

Scope

The scope of this audit covered the appropriations the Museum received from Midland College for fiscal years 2010 through 2014 and the expenditures the Museum made using the state-appropriated funds between September 1, 2009, and May 31, 2014.

Methodology

The audit methodology included tracing the flow of state-appropriated funds from Midland College to the Museum, identifying expenditures for which state-appropriated funds were used, testing expenditures for compliance with the terms of the memorandum of understanding (memorandum) between Midland College and the Museum, and reviewing the Museum's long-range plan for 2008 through 2012 and the Museum's biennium funding proposals for fiscal years 2008 through 2013. Auditors also toured the Museum and interviewed staff and management.

Information collected and reviewed included the following:

- The Museum's policies and procedures.
- The memorandum executed between the Museum and Midland College.
- The Museum's long-range plan for 2008 through 2012.
- The Museum's biennium funding proposals submitted to the Legislative Budget Board for fiscal years 2008 through 2013.
- The Museum's general ledger detail, bank statements, and documentation and transfer confirmations related to the Museum's dedicated state funds money market account and designated funds account from January 1, 2009, through May 31, 2014.

- Invoices, receipts, and other documentation supporting the Museum's expenditures of state-appropriated funds.
- The General Appropriations Acts (73rd through 83rd Legislatures).
- *Midland College Report to the Legislative Budget Board in Response to Higher Education Special Provisions in the General Appropriations Act (81st Legislature).*

Procedures and tests conducted included the following:

- Interviewed management of Midland College and management and staff of the Museum and the Commemorative Air Force.
- Traced the flow of state-appropriated funds from Midland College to the Museum's dedicated state funds money market account and to the disbursement of those funds to (1) determine whether all state-appropriated funds were accounted for and (2) identify transactions paid for using state-appropriated funds.
- Verified the beginning and ending balances of the dedicated state funds money market account and designated funds account using bank confirmations.
- Reviewed the memorandum to determine the agreed-upon uses of state-appropriated funds.
- Reviewed the Museum's planned use of the state-appropriated funds by reviewing its long-range plan and the associated funding proposals for fiscal years 2008 through 2013.
- Toured the Museum to observe the uses of state-appropriated funds described by the funding proposals.
- Reviewed restrictions on state-appropriated funds in (1) the General Appropriation Acts (81st through 83rd Legislatures), (2) the Texas Government Code, (3) the Texas Education Code, and (4) the Texas Constitution.
- Tested the Museum's expenditures to determine whether the expenditures (1) complied with the terms in the memorandum between the Museum and Midland College, (2) benefitted the Museum, and (3) were for goods and services received or used in Midland College's service area.
- Reviewed documentation of the methodology used to allocate costs between the Museum and the Commemorative Air Force.

- Used data from the Museum’s expenditure documentation to identify the funding proposal projects that Museum management assigned to each expenditure.

Criteria used included the following:

- The memorandum between Midland College and the Museum effective December 2009.
- The General Appropriations Acts (73rd through 83rd Legislatures).
- Texas Government Code, Chapter 2113.
- Texas Education Code, Chapter 130.
- Opinion, Texas Office of the Attorney General, No. C-557 (1965).
- Museum policies and procedures.
- The Museum’s biennial funding proposals for fiscal years 2008 through 2013.
- The Museum’s long range plan approved in 2007.

Project Information

Audit fieldwork was conducted from August 2014 through October 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor’s staff performed the audit:

- Gregory Scott Adams, MPA, CPA CGFM (Project Manager)
- Robert P. Burg, MPA, CPA, CFE (Assistant Project Manager)
- Adam Berry
- Johann A. Hajek
- Charles P. Dunlap, Jr., CPA (Quality Control Reviewer)
- James Timberlake, CIA (Audit Manager)

Memorandum of Understanding Between the Museum and Midland College

Below is a copy of the memorandum of understanding between the American Airpower Heritage Museum and Midland College.



Gordon Stevenson
Chairman/President

Tami O'Bannon
Executive Director

Memorandum of Understanding

CAF Airpower Museum / American Airpower Heritage Museum Inc.
Policy approved unanimously by the AAHM Board of Directors on 11-06-09

Purpose

To advance the educational mission of both institutions, Midland College and the American Airpower Heritage Museum Inc. (hereafter referred to as the "Museum"). As the educational affiliate to the Commemorative Air Force, the Museum and Midland College agree to collaborate on providing enhanced educational opportunities to the citizens of Midland, the surrounding Permian Basin, and tourists visiting the area.

Background

The Texas State Legislature provides Midland College \$489,702 each year of the 2010-2011 biennium for the purpose of enhancing the educational value and tourist appeal of Midland College, the Museum, the Permian Basin, and visiting public. These funds are used to renovate the exhibitions and enhance the educational programming of the Museum. Because these funds were allocated to Midland College under the academic education category, Midland College students and faculty will be granted reasonable access to the Museum for tours, classroom for meetings, space for special events, and forum for instruction in the L.P. Nolen Research Center & Airpower Archive and Conservation Laboratory.

Facilities

The Museum shall provide adequate instructional space and related equipment for courses and activities in art, history, and sciences to Midland College. The Museum shall also provide the proper maintenance, custodial service, and utilities at the Museum. The Museum's Executive Director shall provide Midland College and instructional personnel with reasonable access to the Museum facilities for the accomplishment of their responsibilities. Most credit course work shall be done on the Midland College campus, using College facilities and equipment. Midland College shall be allowed to use the Museum facilities up to 24 clock hours per semester for tours and programs. Midland College shall pay the Museum a reasonable facilities usage fee, to be arranged and approved by both parties in advance.

Programs

Midland College and the Museum shall produce symposia-type programs on a regular basis, whether annual or biennial to be determined, to provide students of all ages, experiences and backgrounds with a rich educational experience relating to American Airpower Heritage and World War II culture. Midland College and the Museum shall seek collaborative opportunities with other regional and state institutions in supporting other educational enhancements for the citizens of Midland, the surrounding Permian Basin, and tourists visiting the area.

Personnel

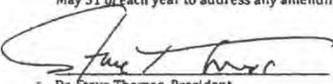
Midland College shall provide instructional guidance and support for educational programs. The Museum will provide the professional services, major programmatic expense and supplies. Such professional services shall be equipped to produce academic symposia-type special events. In addition, these professional services must conform to the standards of the American Association of Museums, which accredits the Museum. The criteria for such professional services should include clear lines of authority regarding Midland College and the Museum, and be approved by both parties. As a professional service serving the common interests of the Museum and Midland College, the professional shall fulfill all responsibilities expected of all entities, to be arranged and approved by both parties.

Promotion and Publicity

The Museum and Midland College shall collaborate, through their respective PR offices, on promotion and publicity of programs and activities of all joint initiatives.

Review

In the interest of both Midland College and the Museum, this Memorandum of Understanding shall be reviewed on or before May 31 of each year to address any amendments that the two parties approve in writing.



Dr. Steve Thomas, President
Midland College



Tami O'Bannon, Executive Director
American Airpower Heritage Museum Inc.

9600 Wightl Drive • P.O. Box 62000 • Midland, Texas 79711-2000 • Phone 432-563-1000 • FAX 432-567-3047 • www.airpowermuseum.org



educational affiliate to the Commemorative Air Force



Smithsonian Institution
Affiliations Program

Midland College Report to the Legislative Budget Board in Response to Higher Education Special Provisions in the General Appropriations Act (81st Legislature)

The General Appropriations Act (81st Legislature) Article III, Section 56, page III-251, contained an academic reporting requirement for museums that stated:

Each institution that receives General Revenue appropriations in this Act for a museum shall use the appropriations elsewhere in this Act to provide the House Appropriations Committee, the Senate Finance Committee, the Legislative Budget Board and the Governor a report outlining the museum's relevance to the academic program at the institution. It is the intent of the Legislature that General Revenue funding for museums that are not relevant to the academic program at the institution be discontinued after the 2010-11 biennium.

In September 2010, Midland College submitted the report presented starting on the next page to the Legislative Budget Board in response to this General Appropriations Act requirement. That requirement was not included in subsequent General Appropriations Acts.

The report from Midland College stated that there was a good working relationship with the Museum, but it did not provide any actual instances of collaboration. Instead, it provided instances of possible future collaboration, such as a symposium. The report also included an attachment that described the programs and services the Museum provided to the general public, but it did not describe any programs or services provided in collaboration with Midland College. The attachment to the report, which is not included in this appendix, was a version of the Museum's biennial funding proposal for fiscal years 2010-2011, which is presented in Appendix 6.



JOC
R. Travis
J. Wiemaker
U.P. C: File

Midland College

Office of the President

September 1, 2010

Mr. John Wiemaker
Legislative Budget Board
P.O. Box 12666
Capitol Station
Austin, TX 78711

RECEIVED
10 SEP - 7 AM 9:01
LEGISLATIVE BUDGET
BOARD

Dear Mr. Wiemaker:

Please accept this information to fulfill the requirements of the Higher Education Special Provisions Section of the 81st General Appropriations Act, Section 56, Academic Reporting Requirement for Museum General Revenue Funding. This funding was provided to Midland College for educational programming with the Commemorative Air Force Airpower Museum of Midland, Texas.

Midland College has enjoyed a good working relationship with the Commemorative Air Force Airpower Museum. This relationship has been mutually beneficial for both entities, and even more important for our region and the state of Texas. There have been many services provided by the Commemorative Air Force Airpower Museum as a result of the funds granted in the last legislative session. This is evidenced in the attached documentation. Also, there are a number of other plans currently being considered for implementation between our two organizations.

College credit classes are natural opportunities for collaboration between our two institutions. Several examples of these college level classes are history, art, government, aviation maintenance, and professional pilot training taught by Midland College. These may be enhanced by optimizing CAF Airpower Museum resources. Living links between the past and present are in abundance utilizing the museum personnel, facilities, equipment, and services. The information available from these sources needs to be shared and passed on to future generations.

The development of a Treasures Preservation Project is a collaborative possibility that has been discussed between our two organizations. Art students or those interested in restoration and preservation would have a plethora of opportunities to restore rare historical objects. The Commemorative Air Force Airpower Research Library is another source for original research by the government, history, sociology, psychology, and possibly other departments. We at Midland College can also assist the museum with their Operation Education Project by helping with some of the presentations and providing them with a forum to advertise to the college community.

3600 N. Garfield • Midland, Texas 79705-6399 • (432) 685-4520 • Fax (432) 685-4522 • www.midland.edu

MIDLAND COLLEGE IS AN EQUAL OPPORTUNITY EMPLOYER/EDUCATOR.

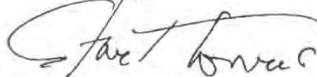
Midland College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award certificates and associate and baccalaureate degrees. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions about the accreditation of Midland College.

We at Midland College might also hold a symposium in conjunction with the annual Commemorative Air Force Air Show which draws thousands of people from around the world every October. The CAF Museum currently holds a book review program in which Midland College could involve students and faculty. A stronger connection may also be built between Midland College's Aviation Maintenance Program and the Commemorative Air Force's restoration efforts. There is also the potential to establish a joint venture between high school students in our new Early College High School at Midland College and the Commemorative Air Force's Aviation Cadet Program.

One of the Midland College Statement of Purpose goals states that MC "will respond to community, business, professional, and regional needs by providing credit, non-credit, and continuing education courses; workforce training; community service; and cultural opportunities." Opportunities to tie this goal to the CAF Airpower Museum are Kids' College classes (summer classes ages 6-11), College Classics classes (age 50 and over), museum tours, speaker's series, and traveling and/or permanent historical art show exhibits. These are examples of non-credit, continuing education, and cultural opportunities for our citizens that are now being considered between the CAF Airpower Museum and Midland College. Furthermore, another goal in MC's Statement of Purpose states we will cooperate with other institutions and agencies through articulation agreements in seeking and creating new avenues for student access to post secondary education. This links directly with the work being done between Midland College and the CAF Airpower Museum.

We look forward to continuing the work with the Commemorative Air Force Airpower Museum, and hope that this will be possible through continued legislative funding. Thank you very much for the opportunity to better serve the citizens of Texas. If you should have any questions, please do not hesitate to let us know.

Sincerely,



Steve Thomas, Ph.D.
President

rej/ovf

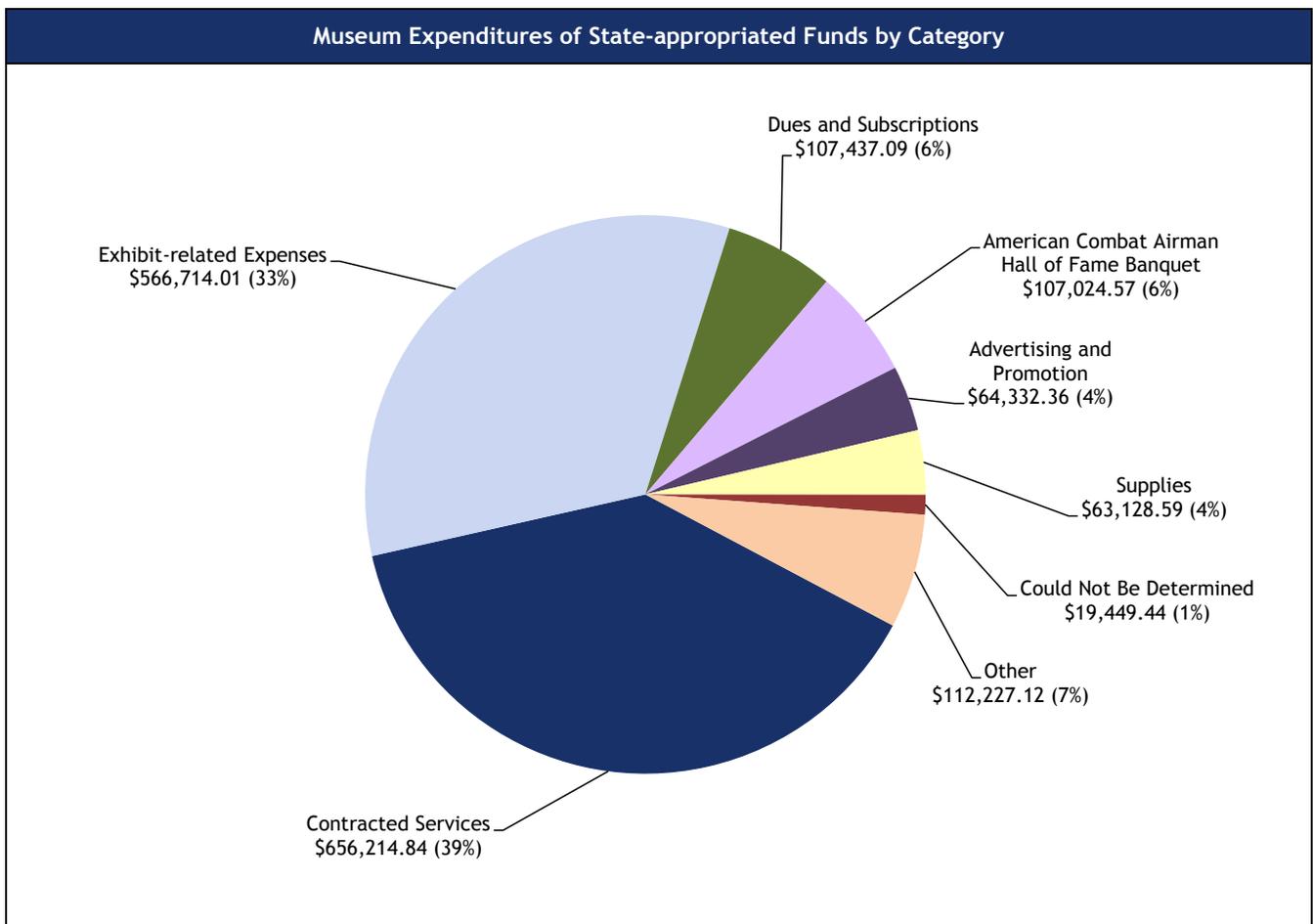
How the Museum Spent State-appropriated Funds

Auditors tested \$1,696,528.02 of the \$1,710,480.52 in state-appropriated funds that the American Airpower Heritage Museum (Museum) had spent as of May 31, 2014.

The remaining \$13,952.50 of state-appropriated funds the Museum spent was identified after the completion of audit fieldwork. Auditors did not test those expenditures, and those expenditures are not included in Figure 1 and Table 4 below. In addition, as Figure 1 below and Table 4 on the next page show, expenditures totaling \$19,449.44 did not have sufficient documentation for auditors to determine how the funds should be classified.

Figure 1 shows how the Museum spent the state-appropriated funds by category.

Figure 1



Sources: The Museum's general ledger; bank statements; and other documentation supporting the Museum's expenditures, including invoices and receipts.

Table 4 lists how the Museum spent the state-appropriated funds by category and subcategory.

Table 4

| Museum Expenditures Summarized by Category | | | | | | | |
|--|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Category and Subcategory | Fiscal Year 2009 | Fiscal Year 2010 | Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Total |
| Advertising and Promotion | | | | | | | |
| Promotional Video | | | | \$ 20,000.00 | | | \$ 20,000.00 |
| Newspaper Advertising | | \$ 4,861.86 | \$ 950.00 | 5,656.00 | \$ 5,802.50 | | 17,270.36 |
| Radio Advertisement | | | 1,980.00 | 629.00 | 7,968.00 | \$ 1,095.00 | 11,672.00 |
| Television Advertisement | | | | 2,800.00 | 1,900.00 | 300.00 | 5,000.00 |
| Advertisement in book, <i>Midland: Window to the West</i> | | 4,868.00 | | | | | 4,868.00 |
| Annual Activities Report | | 3,127.00 | | | | | 3,127.00 |
| Magazine Advertisements | | 730.00 | | | 399.00 | 695.00 | 1,824.00 |
| Purchase Wristbands | | | | | 571.00 | | 571.00 |
| Advertising and Promotion Subtotals | \$0.00 | \$13,586.86 | \$2,930.00 | \$29,085.00 | \$16,640.50 | \$2,090.00 | \$64,332.36 |
| American Combat Airman Hall of Fame Banquet | | | | | | | |
| Banquet Food Expenses | | \$10,489.05 | | \$7,652.30 | \$7,590.35 | \$9,460.07 | \$35,191.77 |
| Honoree Biographical DVDs | | 240.00 | \$12,000.00 | 10,500.00 | | 12,000.00 | 34,740.00 |
| Banquet Entertainment Expenses | | 2,797.00 | | 1,565.00 | 1,500.00 | 1,439.00 | 7,301.00 |
| Purchase Hall of Fame Commemorative Plaques | | 3,740.00 | 2,337.50 | | | | 6,077.50 |
| Other Banquet Expenses | | 468.96 | 1,403.51 | 948.81 | 1,054.35 | 470.32 | 4,345.95 |
| Golf Carts for Banquet | | 2,000.00 | | 1,500.00 | 600.00 | | 4,100.00 |
| Banquet Alcoholic Beverages Expenses | | 2,313.33 | | 823.10 | 482.44 | | 3,618.87 |
| Honoree Travel Expenses | | 3,201.12 | | | | | 3,201.12 |
| Space Rental for Banquet | | 1,025.00 | | 1,000.00 | | 725.00 | 2,750.00 |
| Rental of Banquet Tables and Other Banquet Equipment | | 141.00 | | | 1,995.00 | | 2,136.00 |
| Banquet Signs and Decals | | 280.00 | | 175.00 | 72.00 | 1,297.74 | 1,824.74 |
| Purchase of Presentation Projectors | | | | | | 1,013.37 | 1,013.37 |
| Awards/Engraving for Banquet | | | | 304.50 | 219.75 | | 524.25 |
| Donation to Supplement Space Rental | | | | 200.00 | | | 200.00 |
| American Combat Airman Hall of Fame Banquet Subtotals | \$0.00 | \$26,695.46 | \$15,741.01 | \$24,668.71 | \$13,513.89 | \$26,405.50 | \$107,024.57 |

Museum Expenditures Summarized by Category

| Category and Subcategory | Fiscal Year 2009 | Fiscal Year 2010 | Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Total |
|--|-------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| Contracted Services | | | | | | | |
| Museum Staff Wages | | \$209,472.11 | \$114,359.29 | \$75,853.66 | \$117,638.15 | \$101,511.20 | \$618,834.41 |
| Seminar Organizer | | | 4,750.00 | 2,250.00 | 5,000.00 | | 12,000.00 |
| Stipend for Volunteers | | 2,517.13 | 8,863.30 | | | | 11,380.43 |
| Grant Application Writer | | 2,000.00 | 5,500.00 | 1,500.00 | | | 9,000.00 |
| Lease of Rights to Use Copyrighted Photographs | | 5,000.00 | | | | | 5,000.00 |
| Contracted Services Subtotals | \$0.00 | \$218,989.24 | \$133,472.59 | \$79,603.66 | \$122,638.15 | \$101,511.20 | \$656,214.84 |
| Could Not Be Determined | | | | | | | |
| Expenditures with Insufficient Documentation | | \$537.95 | \$16,139.04 | \$584.00 | \$167.98 | \$2,020.47 | \$19,449.44 |
| Could Not Be Determined Subtotals | \$0.00 | \$537.95 | \$16,139.04 | \$584.00 | \$167.98 | \$2,020.47 | \$19,449.44 |
| Dues and Subscriptions | | | | | | | |
| Software Subscriptions | | \$16,081.94 | \$9,679.62 | \$28,812.85 | \$22,540.86 | \$19,106.82 | \$96,222.09 |
| Smithsonian Affiliations Fee | | 2,500.00 | 2,500.00 | | 2,500.00 | 2,500.00 | 10,000.00 |
| American Alliance of Museums Accreditation Fee | | | 250.00 | | 575.00 | | 825.00 |
| Organization Membership Dues | | 90.00 | 300.00 | | | | 390.00 |
| Dues and Subscriptions Subtotals | \$0.00 | \$18,671.94 | \$12,729.62 | \$28,812.85 | \$25,615.86 | \$21,606.82 | \$107,437.09 |
| Exhibit-related Expenses | | | | | | | |
| Gift Shop Remodel/Lobby Remodel | \$ 1,261.50 | \$443,253.22 | | | | | \$444,514.72 |
| Construction of 507th Fighter Group Gallery | 1,320.00 | 95,957.00 | | | | | 97,277.00 |
| Audio Media Tour Service | | | \$2,640.00 | | \$2,925.00 | \$2,925.00 | 8,490.00 |
| Miscellaneous Exhibit Supplies | | | 1,552.39 | \$1,778.27 | 1,832.30 | 1,807.95 | 6,970.91 |
| Deposit to Repaint F-14 Fighter | | | | | 6,378.00 | | 6,378.00 |
| Lamps and Light Bulbs | | | 1,922.83 | 697.34 | | | 2,620.17 |
| Exhibit Signs and Decals | | | 243.00 | | 20.21 | | 263.21 |
| Meals for Volunteers | | | 200.00 | | | | 200.00 |
| Exhibit-related Expenses Subtotals | \$2,581.50 | \$539,210.22 | \$6,558.22 | \$2,475.61 | \$11,155.51 | \$4,732.95 | \$566,714.01 |
| Other | | | | | | | |
| Speaker Fees | | \$5,000.00 | | \$7,500.00 | \$9,000.00 | | \$21,500.00 |
| Purchase of Ticket Printers | | 18,060.00 | | | | | 18,060.00 |

Museum Expenditures Summarized by Category

| Category and Subcategory | Fiscal Year 2009 | Fiscal Year 2010 | Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Total |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-----------|
| Web Site Development Expenses | | 15,000.00 | | | | | 15,000.00 |
| Telephone and Internet | | 3,188.24 | \$596.19 | 3,193.66 | 2,138.32 | \$1,752.77 | 10,869.18 |
| Travel Expenses | | 8,753.24 | | 64.27 | | 898.25 | 9,715.76 |
| Tent and Equipment Rental for 2009 Airshow | | 6,633.60 | | | | | 6,633.60 |
| Property Repairs and Maintenance | \$260.00 | 3,744.10 | 461.37 | 825.96 | | | 5,291.43 |
| Purchase of Food for Special Events | | 3,031.01 | 537.00 | 1,443.40 | | | 5,011.41 |
| Nose Art Coffee Table Book for Donors | | | | | 2,241.04 | | 2,241.04 |
| Replace Restroom Doors in Main Hangar | | | | | | 2,201.38 | 2,201.38 |
| Web Site Hosting | | | | 387.00 | 750.00 | 675.00 | 1,812.00 |
| Seminar Food and Travel Expenses | | 40.00 | | 1,205.85 | 444.57 | | 1,690.42 |
| Miscellaneous Services | 1,500.00 | | | | 69.55 | | 1,569.55 |
| Entertainment for 2012 Mustang Stampede | | | | 1,500.00 | | | 1,500.00 |
| Electricity | 1,372.31 | | | | | | 1,372.31 |
| Miscellaneous Special Events Expenses | | 177.00 | | 908.86 | 93.95 | | 1,179.81 |
| Electrical Maintenance | | 791.32 | 249.74 | | | | 1,041.06 |
| Miscellaneous Information Technology Services | 525.00 | 375.00 | | | | 109.00 | 1,009.00 |
| Table Sponsorships to Attend Other Organizations' Award Luncheons | | 1,000.00 | | | | | 1,000.00 |
| Postage Expense | | 562.97 | 124.86 | 21.85 | 10.00 | 25.00 | 744.68 |
| Purchase of Alcoholic Beverages for 2009 Airshow | | 637.65 | | | | | 637.65 |
| Rentals for Construction and Maintenance | | 627.76 | | | | | 627.76 |
| Plaques for Museum Board (Inside Joke) | | 546.00 | | | | | 546.00 |
| Room Rental for Seminar Volunteer | | | 427.50 | | | | 427.50 |
| Employee Training and Development | | 304.00 | | | | | 304.00 |
| Purchase of Alcoholic Beverages for 2012 Save the Girls Event | | | | 217.31 | | | 217.31 |
| Signs for Special Events | | | 21.00 | | | | 21.00 |
| Telephone Service Fee | | 3.27 | | | | | 3.27 |

Museum Expenditures Summarized by Category

| Category and Subcategory | Fiscal Year 2009 | Fiscal Year 2010 | Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Total |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Other Subtotals | \$3,657.31 | \$68,475.16 | \$2,417.66 | \$17,268.16 | \$14,747.43 | \$5,661.40 | \$112,227.12 |
| Supplies | | | | | | | |
| Lamps and Light Bulbs | | \$7,506.44 | \$6,078.56 | \$1,415.42 | \$421.18 | \$1,735.64 | \$17,157.24 |
| Furniture | | 9,276.36 | | | | | 9,276.36 |
| Miscellaneous Supplies | | 3,118.29 | 1,624.62 | 803.14 | 2,240.20 | 672.59 | 8,458.84 |
| Office Supplies | | 2,988.27 | 2,204.39 | 185.20 | 338.13 | 963.99 | 6,679.98 |
| Polyester Membership Cards | | 4,964.00 | | | | | 4,964.00 |
| Signs and Banners | | 1,467.23 | 868.86 | | 1,514.52 | | 3,850.61 |
| Food for Youth Educational Academies | | 1,472.56 | 1,371.07 | | | | 2,843.63 |
| Awards and Engraving | \$255.39 | 594.00 | 825.34 | 1,111.00 | | | 2,785.73 |
| Supplies for Youth Educational Academies | | 931.18 | 1,591.44 | | | | 2,522.62 |
| Exhibit Supplies | | 1,385.49 | 120.34 | | 638.50 | 338.84 | 2,483.17 |
| Equipment Purchase | | 158.25 | 331.89 | 481.77 | | | 971.91 |
| Business Cards | | 167.44 | 175.00 | 78.00 | 239.76 | | 660.20 |
| Software | | | 298.93 | | | | 298.93 |
| 2010 Airshow Staff Lunch | | | 175.37 | | | | 175.37 |
| Supplies Expense Subtotals | \$255.39 | \$34,029.51 | \$15,665.81 | \$4,074.53 | \$5,392.29 | \$3,711.06 | \$63,128.59 |
| Grand Totals | \$6,494.20 | \$920,196.34 | \$205,653.95 | \$186,572.52 | \$209,871.61 | \$167,739.40 | \$1,696,528.02 |

Sources: The Museum's general ledger; bank statements; and other documentation supporting the Museum's expenditures, including invoices and receipts.

The Museum's Long-range Plan for 2008-2012

In 2007, the American Airpower Heritage Museum's (Museum) board of directors approved the Museum's long-range plan for 2008-2012, which is presented below. This plan was the basis for the Museum's funding proposals submitted to the Legislative Budget Board (see Appendix 6 for more information about the Museum's funding proposals).

Goal 1 - Develop Leadership

Objective 1-A: Maintain Code of Ethics

1. Governance
2. Professional Staff
3. Committees
4. Volunteers

Objective 1-B: Promote Professional Development

1. Local/regional museum associations
2. TX Association of Museums Annual Meeting
3. TX Library Associations Annual Meeting

Objective 1-C: Promote Leadership Development

1. Integrate Lobby Information Desk into all aspects of operation
2. Host Board Orientation
3. Foster a 100 percent self-sustaining Volunteer Corps

Objective 1-D: Keep all Board Committees Engaged and Active

Goal 2 - Develop National and Global Identity

Objective 2-A: Identify honorary chair people of national stature

Objective 2-B: Establish Marketing Plan

Objective 2-C: Establish a Traveling Exhibition Program

Features Peter Hurd WWII Sketches art show, USO: Hope for America show, and a Nose Art show built around full-size original #34 "Union Hotel," plus miniature replicas of the entire collection, along with educational supplements on paper, CD, and Web site.

Objective 2-D: Foster Public Trust via National “Good Housekeeping” Seals of Approval

1. American Association of Museums Accreditation
2. Smithsonian Institution Affiliate
3. Certified by USAF [U.S. Air Force], Army, and Navy to receive loaned aircraft for display

Goal 3 - Expand Audience

Objective 3-A: Promote local community involvement

1. Pursue collaboration with like associations
2. Aggressively promote Rental Program

Objective 3-B: Re-establish partnership with the USAF Academy

Objective 3-C: Invest in Blackbaud [Raiser’s Edge and Financial Edge] Training

Objective 3-D: Pursue satellite operations in key tourism areas

Objective 3-E: Improve aesthetics of museum campus and facilities

Objective 3-F: Create electronic/digital tour guide system and/or digital visitor directional signage along storyline junctures

Goal 4 - Establish Wherewithal

Objective 4-A: Establish a 50-mill endowment campaign

1. Passively, always, in all publications
2. Actively, with direct mail re: planned giving, naming opportunities, and giving catalogue

Objective 4-B: Establish 10,000 members by 2010

1. Dual CAF/Museum membership
2. Establish “Members-only” events

Objective 4-C: Establish an Acquisition Fund

1. Distinctive collections
2. Unique educational opportunities

Objective 4-D: Capitalize on high-attendance seasons/times

Objective 4-E: Establish Operational Replenishment Plan

Objective 4-F: Protect & Promote Intellectual Property Rights

Objective 4-G: Complete STG [Save the Girls] Endowment Campaign

Goal 5 - Enhance Access to Collections

Objective 5-A: Expand Educational Programs

1. Aviation Cadet Academy
2. Expand Footlocker program
3. Create Children's Seminar Series
4. Create Saturday programs
5. "Remembrance of War" Seminar Series

Objective 5-B: Improve Permanent Exhibits

Construction of the new Commemorative Center has necessitated the re-route of visitor traffic flow to maintain the integrity of the museum's existing galleries, logic of the visitor experience, and best practices common to AAM [American Alliance of Museums] Accreditation.

Therefore, because of the immediate need to provide a seamless transition between the main campus and the old building, as well as providing 400k of exhibits for the COMCTR [George H.W. and Barbara Bush Commemorative Center Hangar], all of the Interpretive Objectives listed below have been phased for a 3-5 year development plan.

1. World War I exhibit, including Nieuport 28, Main Gallery
2. Inter-War Years exhibit, the Air-Races Age, Billy Mitchell, Main Gallery
3. Bomber Mission/POW exhibit, Main Gallery
4. Sikorsky R-4 Rescue Mission exhibit, Main Gallery
5. Discovery of Flight Center, Main Hangar

Objective 5-C: New Exhibits for the COMCTR

Memorial Day 2008

- CAF History Gallery
- Galer Rotunda

- O'Brien Bronze with 84 TXMOH [Medal of Honor] Memorial names
- O'Brien intro exhibit upstairs w/furniture

AIRSHO 2008

- New Hallway that connects buildings, doubles as display wall space

Memorial Day 2009

- 1st Annual TXMOH Memorial inductees unveiled in O'Brien Hall and TXMOH A/V Kiosk
- 1st Annual "Sgt David Campbell" Award for American Military Medical Excellence (UTSW [the University of Texas Southwestern] Medical Center)

AIRSHO 2009

- History of the 507th Fighter Group exhibit
- New ACAHOF [American Combat Airman Hall of Fame] Gallery and A/V Kiosk

Objective 5-D: Develop Temporary Exhibit Program

Changing exhibits encourages repeat visitation and has been very popular. During the past 2 years, the Museum has produced:

- The Artwork of Bob Cunningham
- Origin of Nose Art show that feature personal effects from the Pratt family at Walnut Ridge, Arkansas
- The USO: Hope for America

Objective 5-E: Oral History Program

1. Expand the scope of collecting
2. Transfer archive from paper and magnetic formats to digital format
3. Catalogue Oral History data for assimilation by Gallery Systems collection management software
4. Incorporate oral histories into new and existing exhibits
5. Promote and increase awareness of program

Objective 5-F: Establish Research Program

1. Increase library hours to expand public access and facilitate research
2. Develop research team through volunteer program
3. Provide editorial support for publications program
4. Provide editorial support for website content

Objective 5-G: Enhance Volunteer Program

1. Pursue different volunteer pools (membership, local college, etc.)
2. Utilize volunteer force to expand research library activities, conservation lab activities
3. Update docent manual
4. Create training video

Objective 5-H: Establish Traveling Exhibits

1. Nose Art, featuring #34 “Union Hotel”, per New Mexico Wing
2. Wartime Sketches of Peter Hurd
3. Polikarpov
4. USO: Hope for America

Objective 5-I: Establish Publication Program for all Interpretive Material

1. Nose Art Catalogue
2. Brochures
3. Wings of Freedom Re-do
4. Nose Art playing cards

Objective 5-J: Establish E-Museum

Information on all exhibits and programs now posted. “This Day in History” is added feature and continues to evolve and grow with the Museum’s needs. Educational materials, valuable aviation and historical research resources have also been posted. Future plans address more interactive functions, such as Pod-casting, listening to oral history “snippets” as a means to introduce researchers and the interested public to the Museum’s on-line oral history archive.

1. Increase access to Museum facilities, programs, and educational materials through new and expanded website.

2. Serve as “clearing house” for WWII Airpower groups

Goal 6 - Ensure Preservation of collections

Objective 6-A: Maintain Stable Environment

1. Upgrade a temperature & humidity monitoring system

2. Establish environmental zones

3. Establish proper archival housing

4. Design temporary exhibit cases with controlled RH [relative humidity] to showcase special collections.

Objective 6-B: Fully Implement Accountability & Searchability of all Collections

1. Primary Collections via Gallery System

2. Airpower Library & Archives via Winnebago Spectrum

3. Oral History via both

Objective 6-C: Create and Maintain Safe and Secure Facilities

1. Install surveillance system

2. Install digital “Key” system that controls and records access

3. Provide safety training for all staff, paid and unpaid

4. Assimilate COMCTR security and safety needs into master system

Objective 6-D: Establish Conservation Program

1. Plan Program via Professional Conservator

2. Establish lab crew to support preservation team

3. Offer small, scheduled lab tours

4. Offer professional association workshops for WSC [Wing Staff Conference], PBMA [Permian Basin Museum Association], and TAM [Texas Association of Museums]

5. Create collection viewing facility

Objective 6-E: Complete STG [Save the Girls] Preservation Project

1. Complete contracted Nose Art restoration. 100 percent completion achieved 2007
2. Valentines 2009 thank-you party
3. Nose Art playing cards “Art Deck”
4. Host receptions while panels restored in the Museum lab.
5. Restoration of Vietnam Nose Art
6. Publish project report

The Museum's Biennial Funding Proposals

The American Airpower Heritage Museum (Museum) used its long-range plan to help determine how it would spend its state-appropriated funds. Prior to each legislative session, the Museum submitted biennial funding proposals to its board of directors and the state representative in whose district the Museum was located. The proposals that covered fiscal years 2008 through 2013 appear on the following pages. Auditors included the funding proposal for fiscal years 2008 and 2009 because the Museum expended funds during the audit period (September 2009 through May 2014) on some projects included in that funding proposal. In addition, the Museum spent funds in fiscal year 2014 for prior funding proposals.

The proposals detailed how the Museum intended to use state-appropriated funds to complete projects in its long-range plan. Those proposals, which were for informational purposes, did not impose any restrictions on the Museum's use of the state-appropriated funds.



A Proposal for
2008 - 2009 TEXAS STATE FUNDS
from the
AMERICAN AIRPOWER HERITAGE MUSEUM

The American Airpower Heritage Museum (AAHM) respectfully requests continued funding of \$1,000,000 for projects, programs and services that enhance the educational value and tourist appeal of the museum and the Midland/Odessa community.

The AAHM aspires to keep people free by telling stories of Airpower. The AAHM was first nationally accredited by the American Association of Museums in 1997, re-accredited in 2005, achieved official Smithsonian Institution Affiliate status in 2006, and is recipient of multiple awards from its peers, namely the Texas Historical Commission and the Texas Association of Museums.

Project costs reflect only what is required to produce the finished product, i.e. supplies, construction, contract services, and promotional costs when applicable. Operating overhead incurred by the addition of any of these finished products will be assumed by the museum's normal operating budget.

| <u>Project</u> | <u>2006</u> | <u>2007</u> |
|--|-------------------|-------------------|
| 1. INTERPRETIVE ENHANCEMENTS PLAN Conveying historical information in dynamic, multi-sensory, and culturally-relevant ways. | \$ 165,000 | \$ 235,000 |

The Interpretive Team seeks to implement a 2-year phased development plan to re-route visitor flow to assimilate additional public gallery space associated with the addition of a new hangar to the campus. In addition to creating a seamless interpretive flow from one building to another and back, this re-route plan will also create new gallery space, provide additional library archival storage space, and add earning capacity to the visitor services program. <http://www.airpowermuseum.org/exhibits/index.shtml>.

| | | |
|--|------------------|------------------|
| 2. AMERICAN COMBAT AIRMAN HALL OF FAME Inspiring tomorrow's leaders by honoring yesterday's heroes. | \$ 25,000 | \$ 25,000 |
|--|------------------|------------------|

The American Combat Airman Hall of Fame is a black-tie event held in conjunction with AIRSHO each year. The event honors those who served in any branch of the U.S. military during WWII in a way that distinguished himself in aerial combat. Upon each honoree is bestowed a permanent wall display panel in the museum and a biographical video production. All display panels and videos are assimilated into a single permanent gallery on campus, as well as virtually on the museum website. <http://www.airpowermuseum.org/exhibits/acahof/index.html>.

| | | |
|--|-------------------|-------------------|
| 3. TREASURES PRESERVATION PROJECT Conservation and preservation of a collection of paramount importance to America's cultural heritage. | \$ 121,775 | \$ 121,775 |
|--|-------------------|-------------------|

The AAHM's Preservation Team seeks to preserve the largest WWII military collection among private, non-government museums today. A major goal of the museum's long-range plan is to increase both the longevity and public accessibility of this internationally recognized collection. To that end, the staff seeks to improve archival housing, establish and sustain a conservation program, maintain security and environmental control systems, and automate catalog records of the collections. <http://www.airpowermuseum.org/preservation/index.shtml>.

- | | | | |
|----|---|-----------|-----------|
| 4. | “REMEMBRANCE OF WAR” SEMINAR SERIES Distinguished lecture series featuring intimate insights from combat veterans, aerospace industry experts and scholars. | \$ 25,000 | \$ 25,000 |
| | <p>The museum offers regular seminars featuring WWII veterans and scholars. Averaging more than 200 people per event, this popular program attracts a broad and diverse audience from all over the country. Programs feature battle-related events, aircraft types, personalities, the unsung heroes, and newly declassified materials. Archives from the research library often supplement these programs. http://www.airpowermuseum.org/events/seminars.php.</p> | | |
| 5. | OPERATION EDUCATION Programs for students of all ages, backgrounds, and interests. | \$ 15,000 | \$ 15,000 |
| | <p>Aviation Boot Camp and the Footlocker program are two educational programs that are designed to promote aerospace education, foster patriotism and promote pride in achievement, and develop teamwork and leadership skills. This program is a three-day program packed with hands-on activities about aerodynamics, aircraft maintenance, flight plans, and survival skills. Since 1994, this popular program has grown from one camp to six camps per year. http://www.airpowermuseum.org/events/bootcamp/index.shtml. The Footlocker program is another specialized program that brings part of the museum to students in the classroom. This traveling trunk program includes preparatory resources, real artifacts, a docent visit, and culminating exercises—all designed to complement mandated curriculum. Both Footlocker and Aviation Boot Camp have received awards for "Excellence in Education" from the Texas Historical Commission.</p> | | |
| 6. | ORAL HISTORY PROJECT Capturing, preserving, and promoting the scholarly use of first-person accounts of veterans from WWII, Korea and Vietnam. | \$ 15,000 | \$ 15,000 |
| | <p>The oral history project has captured over 4,300 interviews of WWII veterans since 1989, and is currently striving to capture as many as possible as the Greatest Generation fades. Concurrently, the project also seeks to preserve the interviews long-term by transferring them from analog magnetic tape to digital format. Upon completion, a prime research database will be made available in a manner that is both convenient and affordable to students of all ages online. http://www.airpowermuseum.org/oralhistory/index.shtml.</p> | | |
| 7. | AIRPOWER ARCHIVE & RESEARCH CENTER A public research facility designed to provide students of all ages with practical finding aides and online access to archives. | \$ 35,000 | \$ 46,450 |
| | <p>The mission of the museum is to tell the complete story of WWII military aviation to a worldwide audience. To accomplish this mission, the museum has acquired over 25,000 books, videos, and periodicals on history and military aviation from WWII. These archives are housed in a stable environment with security and climate control systems. This collection will be made available to the public on efficient computer workstations at the museum and via the Internet. http://www.airpowermuseum.org/library/index.shtml.</p> | | |
| 8. | VISITOR SERVICES PROGRAM Enhancing access to AAHM Resources with new technology, brochures, kiosks and billboards. | \$ 45,000 | \$ 45,000 |
| | <p>Enhancing public access to the museum's wealth of knowledge is a major goal of the AAHM. New technologies employed on the museum's primary campus and on the website will greatly enhance access to the museum's vast collections and research resources for a worldwide audience. Volunteer recruiting, training, and retention strategies will support every area of daily operation, as well as maximize the availability of all products and services to visitors of all backgrounds, interests, and experiences. http://www.airpowermuseum.org/info/index.shtml.</p> | | |

9. **OPERATION FREEDOM** \$ 12,500 \$ 12,500
Strategic planning initiative designed to empower governance and professional staff to establish sustainable success for the future.

One of the museum's greatest assets is its leadership—one free to dream the unthinkable and finance the impossible. The museum's current leadership is convinced that the next few years will provide a unique window of opportunity to invest in the long-term sustainability as a patriotic, public trust entity specializing in historic preservation. The AAHM's Strategic Team envisions a planning retreat to add capacity to all areas of operation in the short-term, increase the sustainability of the organization in the long-term, and most importantly, to make a meaningful and lasting contribution to the AAHM's readership, visitorship, membership and supporting communities. <http://www.airpowermuseum.org/foundation/index.shtml>

| <u>SUMMARY:</u> | <u>2008</u> | <u>2009</u> |
|---------------------------|---------------------|---------------------|
| Total for Projects #1 - 9 | \$ 459,275 | \$ 540,725 |
| | ===== | |
| | GRAND TOTAL: | \$ 1,000,000 |

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"The roots of excellence are the freedom to dream the unthinkable and to finance the impossible." — Arthur C. Frantzeb (1920 -)
AMERICAN AIRPOWER HERITAGE MUSEUM INC.
 9600 Wright Drive, P.O. Box 62000, Midland, Texas 79711-2000
www.airpowermuseum.org



A Proposal for
2010 - 2011 TEXAS STATE FUNDS
from the
AMERICAN AIRPOWER HERITAGE MUSEUM
Honoring America's Legacy of Freedom

The American Airpower Heritage Museum (AAHM) respectfully requests continued funding of \$1,000,000 for projects, programs and services that enhance the educational value and tourist appeal of this museum and the Midland/Odessa community at large, as well as strengthen the perceived value of the arts and humanities for all citizens and visitors statewide. All initiatives mentioned are endorsed by the AAHM Board of Directors in the official document entitled 2008-2012 AAHM Long Range Plan, as attached herein.

The AAHM aspires to keep people free by telling stories of Airpower. Created in 1989, the AAHM was nationally accredited by the American Association of Museums in 1997, re-accredited in 2005, achieved official Smithsonian Institution Affiliate status in 2006, and is recipient of multiple awards for excellence in design and education from the Texas Historical Commission and the Texas Association of Museums.

Project costs reflect only what is required to produce the finished product, i.e. supplies, construction, contract services, and promotional costs when applicable. Operating overhead incurred by the addition of any of these finished products will be assumed by the museum's normal operating budget.

| <u>Project</u> | <u>2010</u> | <u>2011</u> |
|---|-------------------|-------------------|
| 1. INTERPRETIVE EXPANSION PLAN Maintaining a dynamic, seamless visitor experience while incorporating a new building into existing museum campus. | \$ 110,000 | \$ 100,000 |
| <p>The Interpretive Team seeks to take advantage of the necessity to add a new building to the overall campus with a plan strategically designed to achieve a new visitor flow that will offer substantial new gallery space and incorporate more objects to display status that offer new topics to the story line. Executing this expansion plan concurrently with the addition of the new building lends to the most flexible and cost-effective outcome, long-term. This plan will be completed with installation of several flat-panel LCD screens located at strategic junctures along the tour. All screens controlled by any computer workstation on the museum network, these virtual billboards will provide directional signage, special announcements, gift shop sales, detailed instructions for current events, as well as provide added surveillance and emergency preparedness capacity for an ever-increasing campus. http://www.airpowermuseum.org/exhibits/index.shtml.</p> | | |
| 2. AMERICAN COMBAT AIRMAN HALL OF FAME & TEXAS MEDAL OF HONOR MEMORIAL Inspiring tomorrow's leaders by honoring yesterday's heroes. | \$ 75,000 | \$ 75,000 |

The American Combat Airman Hall of Fame and the Texas Medal of Honor Memorial Banquets are both black-tie events held in conjunction with AIRSHO and Memorial Day respectively, every year. These events honor people of valor who distinguish themselves during combat in defense of our Nation, as well as foster goodwill and economic development opportunities between Midland/Odessa and the honoree communities. Each honoree is recognized with a permanent wall display panel and a biographical video production in the museum, and duplicate production is gifted to the family for posterity and/or display in their local community. All display panels and videos are assimilated into a single permanent gallery on campus, as well as virtually on the museum website. <http://www.airpowermuseum.org/exhibits/acahof/index.html>.

7. **AIRPOWER RESEARCH LIBRARY** \$ 50,000 \$ 50,000
Expansion of a valued public research facility designed to provide students of all ages with practical finding aides and online access to archives.
 The mission of the museum is to tell the complete story of WWII military aviation to a worldwide audience. Today, these archives are properly housed in a stable environment with security and climate control systems. During the next two years, however, because this library has amassed over 100,000 books, videos, and periodicals on history and military aviation, we must literally double the linear shelving originally provided by a local foundation in 1993. Expansion plans also include a publishing program, creating a reading room and individual computer workstations, as well as providing the collection to the public via the museum website. <http://www.airpowermuseum.org/library/index.shtml>.
8. **VISITOR SERVICES PROGRAM** \$ 40,000 \$ 40,000
Enhancing public access to museum assets with new technology.
 Enhancing public access to the museum's wealth of knowledge is a major goal of the AAHM. New technologies employed on the museum's primary campus and on the website will greatly enhance access to the museum's vast collections and research resources for a worldwide audience. Volunteer recruiting, training, and retention strategies will support every area of daily operation, as well as maximize the availability of all products and services to visitors of all backgrounds, interests, and experiences. <http://www.airpowermuseum.org/info/index.shtml>.
9. **OPERATION FREEDOM** \$ 10,000 \$ 10,000
Strategic planning initiative designed to empower governance and professional staff to establish sustainable success for the future.
 One of the museum's greatest assets is its leadership—one free to dream the unthinkable and finance the impossible. The museum's current leadership is convinced that the next few years will provide a unique window of opportunity to invest in the long-term sustainability as a patriotic, public trust entity specializing in historic preservation. The AAHM's Strategic Team envisions a planning retreat to add capacity to all areas of operation in the short-term, increase the sustainability of the organization in the long-term, and most importantly, to make a meaningful and lasting contribution to the AAHM's readership, visitorship, membership and supporting communities. <http://www.airpowermuseum.org/foundation/index.shtml>.
10. **TRAVELING EXHIBITION PROGRAM** \$ 50,000 \$ 50,000
An outreach program designed to increase public awareness of this museum and the Midland/Odessa community by providing miniature exhibitions that can be rented and travel to anywhere in the world.
 Currently four complete exhibitions strong, we seek to add at least two more including Nose Art Traveling Show to the program by 2012. The traveling exhibit program brings the collections and educational resources of the American Airpower Heritage Museum to communities and various organizations. The purpose of the program is to provide access to an array of historical narratives and interpretive presentations that nurture the understanding of the contributions of American aviation to our national heritage and foster creative imagination for future generations. Traveling exhibits extend the museum's educational outreach to schools, colleges, museums, libraries, and cultural centers and serves as ambassador across the country and the state of Texas. <http://www.airpowermuseum.org/exhibits/index.shtml>.

SUMMARY:

| | <u>2010</u> | <u>2011</u> |
|-------------------------------------|-------------|---------------------|
| Total Request for Funding per year: | \$505,000 | \$495,000 |
| GRAND TOTAL: | | \$ 1,000,000 |

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*Freedom is never more than one generation away
from extinction. We didn't pass it to our children
in the bloodstream. It must be fought for, protected, and
handed on for them to do the same. -President Ronald Reagan*

AMERICAN AIRPOWER HERITAGE MUSEUM

Honoring America's Legacy of Freedom

9600 Wright Drive, P.O. Box 62000, Midland, Texas 79711-2000

www.airpowermuseum.org



A Proposal for
2012 - 2013 TEXAS STATE FUNDS
from the
CAF AIRPOWER MUSEUM
Honoring America's Legacy of Freedom

The CAF Airpower Museum (CAFAM) respectfully requests continued funding of \$1,000,000 for projects, programs and services that enhance the educational value and tourist appeal of this museum and the Midland/Odessa community at large, as well as strengthen the perceived value of the arts and humanities for all citizens and visitors statewide. All initiatives mentioned are endorsed by the CAFAM Board of Directors in the official document entitled CAFAM Long Range Plan, as attached herein.

The CAFAM aspires to keep people free by telling stories of airpower. Created in 1989, the CAFAM was nationally accredited by the American Association of Museums in 1997, re-accredited in 2005, achieved official Smithsonian Institution Affiliate status in 2006, and is recipient of multiple awards for excellence in design and education from the Texas Historical Commission and the Texas Association of Museums.

Project costs reflect only what is required to produce the finished product, i.e. supplies, construction, contract services, and promotional costs when applicable. Operating overhead incurred by the addition of any of these finished products will be assumed by the museum's normal operating budget.

| <u>Project</u> | <u>2012</u> | <u>2013</u> |
|--|------------------|------------------|
| 1. INTERPRETIVE EXPANSION PLAN Maintaining a dynamic, seamless educational experience. | \$110,000 | \$110,000 |
| <p>The Interpretive Team seeks to enhance the educational value of the museum's exhibits by developing new exhibit space that offers new topics to the story line while incorporating more objects to display status. Additionally, the Interpretive Team seeks to enhance the museum's existing exhibits with new innovative technologies and communication media designed to interpret and present information in a manner that will engage, relate to, and reveal the essence of the story to the broadest audience and today's more sophisticated visitor. Electronic educational kiosks, or displays that can be linked to the museum's website and placed in the museum's galleries will provide visitors with interactive educational interpretation for various exhibits throughout the museum and hangar. These electronic displays will greatly contribute to the museum's effectiveness in communicating historical relevance and interpreting historical relationships to both our young and old visitors. Digital tour guides keyed to the major and temporary exhibits along the tour route will provide visitors with a broader experience and an even greater level of interpretation and education.</p> | | |
| 2. AMERICAN COMBAT AIRMAN HALL OF FAME, TEXAS MEDAL OF HONOR MEMORIAL & CAF HALL OF FAME Inspiring tomorrow's leaders by honoring yesterday's heroes. | \$75,000 | \$35,000 |

The American Combat Airman Hall of Fame (ACAHO) Banquet is a black-tie event held in conjunction with AIRSHO. The Texas Medal of Honor Memorial event is held in conjunction with Memorial Day. These events honor people of valor who distinguish themselves during combat in defense of our nation, as well as foster goodwill and economic development opportunities between Midland/Odessa and the honoree communities. Each honoree is recognized with a permanent wall display panel and a biographical video production in the museum. A duplicate ACAHO production is gifted to the honoree family for posterity and/or display in their community. All displays and videos are assimilated into a single permanent gallery on campus, as well virtually on the museum's website. The CAF Hall of Fame is an annual event that recognizes the CAF's founding millennium members for their leadership and foresight in establishing a Texas-based educational organization dedicated to the preservation of our national aviation history.

7. **VISITOR SERVICES PROGRAM** **\$40,000** **\$40,000**
Enhancing public access to museum assets with new technology.

Enhancing public access to the museum's wealth of knowledge is a major goal of the CAFAM. New technologies employed on the museum's primary campus and on the website will greatly enhance access to the museum's vast collections and research resources for a worldwide audience. Volunteer recruiting, training, and retention strategies will support every area of daily operation, as well as maximize the availability of all products and services to visitors of all backgrounds, interests and experiences. Designed to enhance the tourist appeal of the CAFAM and the surrounding communities, the Visitor Services Program supports the museum's mission and all of its activities by maintaining and sustaining the flow of communication between the museum and the public. This conversation is accomplished through various mediums including but not limited to online social media, website, newspaper and television advertising, event invitations, programs, tickets, as well as promotional brochures.

8. **TRAVELING EXHIBITION PROGRAM** **\$60,000** **\$80,000**
An outreach program designed to increase public awareness of this museum and the Midland/Odessa community by providing smaller version exhibitions that can be rented and travel to anywhere in the world.

Currently four complete exhibitions strong, we seek to add the Nose Art™ Traveling Exhibition to the program. The museum holds the largest collection of original World War II Nose Art that is considered one of the finest examples of American Folk Art. This exhibit would feature stylized reproduced examples of the museum's Nose Art. The traveling exhibition program brings the collections and educational resources of the CAF Airpower Museum to communities and various organizations. The purpose of the program is to provide access to an array of historical narratives and interpretive presentations that nurture the understanding of the contributions of American aviation to our national heritage and foster creative imagination for future generations. Traveling exhibits extend the museum's educational outreach to schools, colleges, museums, libraries, and cultural centers and serves as an ambassador across the country and the state of Texas.

| SUMMARY: | <u>2012</u> | <u>2013</u> |
|--|------------------|--------------------|
| Total request for funding per year: | \$500,000 | \$500,000 |
| GRAND TOTAL: | | \$1,000,000 |

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CAF AIRPOWER MUSEUM
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Museum Time Line

Table 5 lists some of the significant events in the history of the American Airpower Heritage Museum.

Table 5

| Significant Events in the History of the American Airpower Heritage Museum | |
|--|---|
| Date | Description of Event |
| 1961 | The Confederate Air Force (CAF) was formed. |
| 1965 | The first Confederate Air Force Airpower Museum (Museum) building was completed at Rebel Field in Mercedes, Texas. |
| 1968 | The Museum and the CAF moved to Harlingen, Texas. |
| 1991 | The Museum and the CAF moved to Midland, Texas. |
| 1993 | The first appropriation of state funds for the Museum was approved. |
| 2002 | The CAF changed its name to the Commemorative Air Force. |
| June 2006 | The City of Midland signed an advanced funding agreement with the Department of Transportation to construct an additional new hangar for the CAF. |
| 2007 | The Museum's board of directors approved a 2008-2012 long-range plan for the Museum. |
| June 2008 | The new hangar was completed on the Museum's campus and was named the George H.W. and Barbara Bush Commemorative Center Hangar. |
| 2009 | The Museum lobby and gift shop was remodeled. |
| December 2009 | The Museum and Midland College signed a memorandum of understanding regarding how the state-appropriated funds would be expended. |
| February 2010 | The CAF and four members of the Museum's board filed a lawsuit against the Museum requesting that the court place the Museum in receivership. The plaintiffs requested that action because the Museum's board did not consist of a majority of CAF general staff, as required by the Museum's bylaws. |
| March 2010 | Final judgment and dismissal of the lawsuit. The Museum's executive director and seven Museum board members who were not CAF members resigned. |
| September 2010 | Midland College submitted its report to the Legislative Budget Board that outlined the Museum's relevance to the academic program at the institution to comply with General Appropriations Act (81st Legislature) Article III, Section 56. |
| May 2013 | The CAF board voted to explore a new location for a new "National Airbase," a facility that would include the CAF's headquarters. |
| November 2013 | The CAF's membership voted to give the CAF board authority to choose a future CAF national airbase. |
| April 2014 | CAF management announced plans to relocate CAF headquarters to the city-operated Dallas Executive Airport. CAF management stated that the Museum and the annual airshow would remain in Midland. |

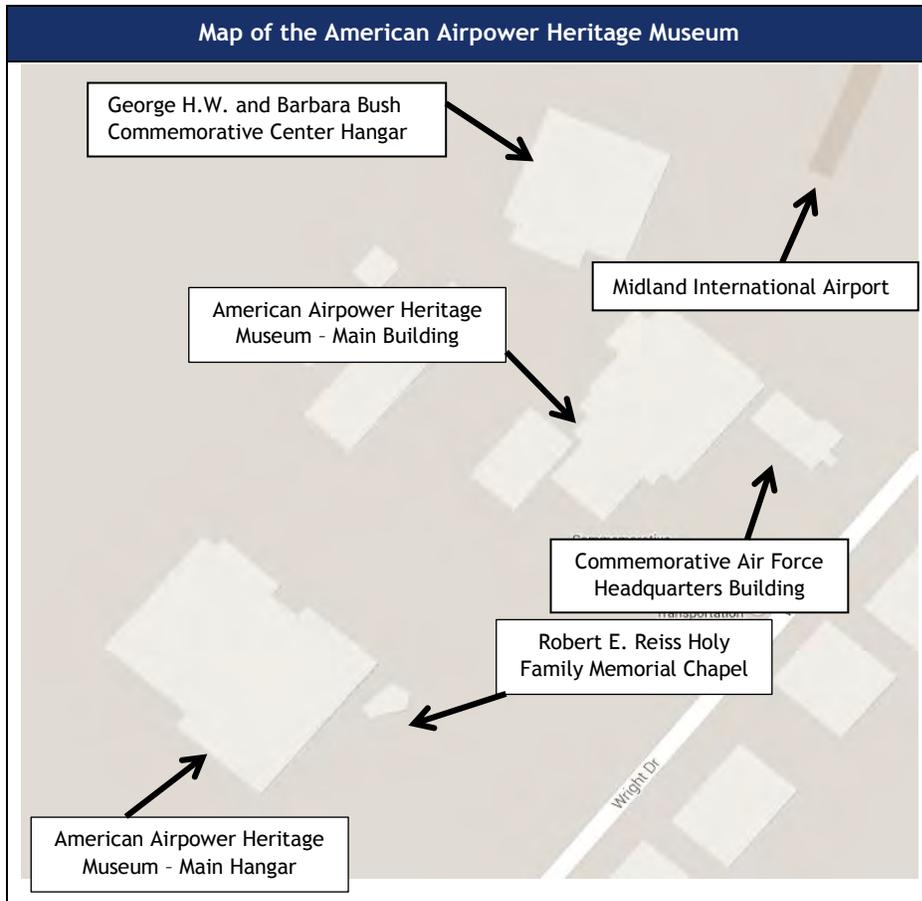
Sources: Auditors compiled this time line using information from news articles, court documents, Museum financial records, the Museum's long-range plan, the memorandum of understanding between the Museum and Midland College, General Appropriations Acts, a September 2010 Midland College Report, and the Museum's and the CAF's Web sites.

Map of the Museum

Figure 2 shows the American Airpower Heritage Museum (Museum) campus, which is adjacent to the Midland International Airport. The campus consists of the main museum building, the main hangar, the George H.W. and Barbara Bush Commemorative Center Hangar, the Commemorative Air Force headquarters building, and the Robert E. Reiss Holy Family Memorial Chapel.

Museum visitors can freely access all museum buildings except the George H.W. and Barbara Bush Commemorative Center Hangar. The Federal Aviation Administration restricts access to the area behind the Museum, including the area needed to access the George H.W. and Barbara Bush Commemorative Center Hangar. As a result, Museum staff must escort visitors between the two buildings. The Museum’s long-range plan contained a new hallway with exhibits connecting the main museum building and the George H.W. and Barbara Bush Commemorative Center Hangar. However, as of May 2014, that hallway had not been built.

Figure 2



Source: Auditors created the map based on auditors’ observations and information from the Museum and the Commemorative Air Force.

History of State Appropriations for the Museum

The Legislature appropriated a total of approximately \$9.7 million for Midland College to pass through to the American Airpower Heritage Museum (Museum) in the General Appropriations Acts that covered fiscal years 1994 through 2015. Table 6 lists the amounts appropriated for each fiscal year in the General Appropriations Acts. Budget reductions for fiscal years 2010 and 2011 reduced the amount appropriated in those years by 5 percent (\$24,935) and 7.5 percent (\$37,403), respectively.

Table 6

| History of Appropriations to the Museum | |
|--|-----------------------------|
| Fiscal Year | Amount Appropriated |
| 1994 | \$ 250,000 |
| 1995 | 250,000 |
| 1996 | 445,000 |
| 1997 | 445,000 |
| 1998 | 439,349 |
| 1999 | 439,349 |
| 2000 | 439,349 |
| 2001 | 439,349 |
| 2002 | 589,349 |
| 2003 | 589,349 |
| 2004 | 500,000 |
| 2005 | 500,000 |
| 2006 | 498,702 |
| 2007 | 498,702 |
| 2008 | 498,702 |
| 2009 | 498,702 |
| 2010 | 498,702 |
| 2011 | 498,702 |
| 2012 | 355,325 |
| 2013 | 355,325 |
| 2014 | 355,325 |
| 2015 | 355,325 ^a |
| Total | \$ 9,739,606 |
| Subsequent Reductions of State-appropriated Funds | (62,338)^b |
| Adjusted Total | \$ 9,677,268 |

^a Midland College has not distributed the fiscal year 2015 appropriation to the Museum.

^b The General Appropriations Act (81st Legislature),

| History of Appropriations to the Museum | |
|--|---------------------|
| Fiscal Year | Amount Appropriated |
| Section 6, page III-200, required the funds appropriated to Midland College for the Museum to be distributed on September 1 of the year in which the funds were appropriated. As a result, the reductions in state-appropriated funds in fiscal years 2010 and 2011 occurred after the funds had already been distributed to the Museum. | |

Sources: The General Appropriations Acts for fiscal years 1994 through 2015.

Copies of this report have been distributed to the following:

Legislative Audit Committee

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The Honorable Joe Straus III, Speaker of the House, Joint Chair
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The Honorable Harvey Hilderbran, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

American Airpower Heritage Museum

Members of the American Airpower Heritage Museum Board of Directors

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Mr. Greg Gutting

Mr. Mike Hedrick

Dr. Ed Rowland

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