

Joseph R. Schortz, CPA, PLLC
4161 Tamiami Trl Ste 501
Port Charlotte, FL 33952
941-629-1197

To the Members
MILITARY HERITAGE MUSEUM, INC
Punta Gorda, FL

We have compiled the accompanying statement of assets, liabilities and members' equity-income tax basis of MILITARY HERITAGE MUSEUM, INC as of December 31, 2010, and the related statement of revenues, costs and expenses - income tax basis, for the twelve months ended December 31, 2010, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the Company for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The members have elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to MILITARY HERITAGE MUSEUM, INC.

A handwritten signature in black ink that reads "Joseph R. Schortz". The signature is written in a cursive, flowing style.

Port Charlotte, FL
February 1, 2011

MILITARY HERITAGE MUSEUM, INC
STATEMENT OF ASSETS, LIABILITIES AND
STOCKHOLDERS' EQUITY-INCOME TAX BASIS
December 31, 2010
(UNAUDITED)

ASSETS

CURRENT ASSETS

Petty Cash	\$	400.00	
Checking - Centennial Bank - Operating		1,559.36	
Savings - Centennial Bank - Savings		173.08	
Savings - Centennial - Tetrault		35,680.88	
Edward Jones-Marketable Securities		1,043.10	
Edward Jones-Cash		92.82	
Inventory		<u>2,658.50</u>	
TOTAL CURRENT ASSETS	\$		41,607.74

PROPERTY AND EQUIPMENT

Furniture and fixtures		4,368.34	
Machinery and equipment		<u>2,811.80</u>	
Total property and equipment		7,180.14	
Less: accumulated depreciation		<u>(7,088.55)</u>	
TOTAL NET PROPERTY AND EQUIPMENT			91.59

OTHER ASSETS

Venice Foundation		<u>57,663.11</u>	
TOTAL OTHER ASSETS			<u>57,663.11</u>
TOTAL ASSETS	\$		<u><u>99,362.44</u></u>

MILITARY HERITAGE MUSEUM, INC
STATEMENT OF ASSETS, LIABILITIES AND
STOCKHOLDERS' EQUITY-INCOME TAX BASIS
December 31, 2010
(UNAUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Due to Peter Taylor	\$	300.00	
Due to Kim Lovejoy		100.00	
Payroll taxes withheld-FICA		395.55	
Payroll taxes withheld-income		577.58	
Sales Tax Payable		<u>52.84</u>	
TOTAL CURRENT LIABILITIES	\$		1,425.97

LONG-TERM LIABILITIES

TOTAL LONG-TERM LIABILITIES			0.00
------------------------------------	--	--	-------------

STOCKHOLDERS' EQUITY

Fund Balance		6,764.47	
Restricted Funds		94,626.28	
Year to date net income (loss)		<u>(3,454.28)</u>	
TOTAL STOCKHOLDERS' EQUITY			<u>97,936.47</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$		<u>99,362.44</u>
---	-----------	--	-------------------------

MILITARY HERITAGE MUSEUM, INC
STATEMENT OF REVENUES, COSTS AND EXPENSES - INCOME TAX BASIS
For the Twelve Months ended December 31, 2010 and December 31, 2009
(UNAUDITED)

	Year to Date	%
REVENUES		
Sales - Gift Shop	\$ 19,477.96	14.35
Memberships	5,199.08	3.83
Dues	7,040.10	5.19
Donations	35,953.88	26.49
Donations - Box	37,378.46	27.54
Grants-Charlotte County	17,850.00	13.15
Interest income - operating	7.09	0.01
Fundraising - General	1,953.34	1.44
Fundraising - USO	2,807.97	2.07
Fundraising - Stores - Tins	38.76	0.03
Fundraising - Solitications	943.00	0.69
Fundraising - Air Show	37.88	0.03
Fundraising- Wall of Warriors	2,329.25	1.72
Fundraising-Membership solicitation mailing	365.00	0.27
Fundraising - Boat Cruise	720.00	0.53
Fundraising - Yard Sale	1,133.86	0.84
Fundraising - Poker Run	1,008.33	0.74
Fundraising - Cell Phones	34.00	0.03
Fundraising - Hire a Helper	730.00	0.54
Fundraising - War Tales	119.04	0.09
Fundraising - Volunteer Shirts	52.32	0.04
Other income	556.27	0.41
Restricted - Interst Income - Cent Savings	414.17	0.31
Restricted - Interest Income - Venice Foundation	1,070.86	0.79
Restricted - Market Fluctuation - Venice Found.	(2,767.32)	(2.04)
Market Fluctuation - Edward Jones	<u>148.94</u>	0.11
TOTAL REVENUES	<u>134,602.24</u>	99.17
COST OF SALES		
Inventory change	2,347.85	1.73
Materials - Gift Shop Merch.	6,753.04	4.98
Supplies - Gift Shop	125.85	0.09
Brochure Printing	767.57	0.57
Brochure Mailing	186.47	0.14
Newsletter	<u>1,567.83</u>	1.16
TOTAL COST OF SALES	<u>11,748.61</u>	8.66
GROSS PROFIT	<u>122,853.63</u>	90.51
OPERATING EXPENSES		
Accounting and legal	100.00	0.07
Auto and truck expense	99.14	0.07
Advertising	1,295.66	0.95
Bank charges	1,572.24	1.16
Dues and subscriptions	719.50	0.53

MILITARY HERITAGE MUSEUM, INC
STATEMENT OF REVENUES, COSTS AND EXPENSES - INCOME TAX BASIS
For the Twelve Months ended December 31, 2010 and December 31, 2009
(UNAUDITED)

	Year to Date	%
Insurance-general	2,514.17	1.85
Meetings and Seminars	268.00	0.20
Office expense	3,116.16	2.30
Payroll taxes	5,129.72	3.78
Rent - Museum	29,987.10	22.09
Rent- Storage Units	5,115.00	3.77
Repairs and maintenance	615.39	0.45
Salaries-office	67,087.24	49.42
Security	603.36	0.44
Taxes and licenses	195.00	0.14
Telephone	1,806.09	1.33
Travel	137.97	0.10
Meals and entertainment - receptions in museum	388.08	0.29
Utilities	5,324.69	3.92
Depreciation	<u>233.40</u>	0.17
TOTAL OPERATING EXPENSES	<u>126,307.91</u>	93.05
Income (Loss) before income taxes	<u>(3,454.28)</u>	(2.54)
Net Income (Loss)	<u><u>\$ (3,454.28)</u></u>	(2.54)