

**NAVAL HISTORICAL FOUNDATION**

**WASHINGTON, D.C.**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2008**



## Independent Auditors' Report

Board of Directors  
Naval Historical Foundation  
Washington, D.C.

We have audited the accompanying statement of financial position of Naval Historical Foundation as of December 31, 2008, and the related statements of activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2007 financial statements and, in our report dated April 23, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Naval Historical Foundation as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Councilor, Buchanan & Mitchell, P.C.*

Bethesda, Maryland  
April 30, 2009

Certified Public Accountants

**Naval Historical Foundation**

**Statement of Financial Position**

**December 31, 2008**

**(With Comparative Totals as of December 31, 2007)**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 908,085	\$ 119,796
Promises to Give	160,000	247,500
Accounts Receivable	16,509	20,026
Accrued Interest Receivable	7,538	9,322
Prepaid Expenses	<u>5,468</u>	<u>5,288</u>
Total Current Assets	<u>1,097,600</u>	<u>401,932</u>
<b>Investments</b>	<u>908,868</u>	<u>1,062,155</u>
<b>Promises to Give</b>	<u>570,880</u>	<u>177,902</u>
<b>Property and Equipment</b>		
Furniture, Fixtures, and Equipment	110,596	102,895
Less Accumulated Depreciation	<u>(87,302)</u>	<u>(76,738)</u>
Net Property and Equipment	<u>23,294</u>	<u>26,157</u>
<b>Collections (Notes 2 and 10)</b>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 2,600,642</u>	<u>\$ 1,668,146</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 10,690	\$ 12,774
Deferred Revenue	<u>466,038</u>	<u>80,371</u>
Total Current Liabilities	<u>476,728</u>	<u>93,145</u>
<b>Net Assets</b>		
Unrestricted	1,130,105	1,391,850
Temporarily Restricted	<u>993,809</u>	<u>183,151</u>
Total Net Assets	<u>2,123,914</u>	<u>1,575,001</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,600,642</u>	<u>\$ 1,668,146</u>

*See accompanying Notes to Financial Statements.*

Naval Historical Foundation

Statement of Activities  
For the Year Ended December 31, 2008  
(With Comparative Totals for the Year Ended December 31, 2007)

	Unrestricted	Temporarily Restricted	Total 2008	Total 2007
<b>Net Departmental Sales</b>				
Museum Store Sales	\$ -	\$ -	\$ -	\$ 24,438
Cost of Sales - Museum Store	-	-	-	72,807
Gross Loss	-	-	-	(48,369)
Museum Store Operating Expenses	-	-	-	22,303
Net Museum Store Sales Under Museum Store Operating Expenses	-	-	-	(70,672)
Historical Services Sales	118,034	-	118,034	124,967
Cost of Sales - Historical Services	780	-	780	7,551
Gross Profit	117,254	-	117,254	117,416
Historical Services Operating Expenses	87,567	-	87,567	96,787
Net Historical Services Sales Over Historical Services Operating Expenses	29,687	-	29,687	20,629
Total Net Departmental Sales Over (Under) Expenses	29,687	-	29,687	(50,043)
<b>Support and Other Revenues</b>				
Donations	166,100	914	167,014	178,341
Contract - Museum	884,442	-	884,442	64,380
Fund-Raising	-	990,713	990,713	613,402
Facility Rental	47,400	-	47,400	35,477
Membership Dues	32,369	-	32,369	37,324
Building 70 Support	-	-	-	14,736
Royalties - Navy Book/Calendar/Store	24,713	-	24,713	20,735
Other Revenues	984	-	984	585
Net Assets Released from Restrictions	180,969	(180,969)	-	-
Total Support and Other Revenues	1,336,977	810,658	2,147,635	964,980
Total Operating Revenues	1,366,664	810,658	2,177,322	914,937
<b>Expenses</b>				
Program Expenses				
Naval Historical Foundation	296,943	-	296,943	325,002
Museum Support	869,865	-	869,865	446,770
Naval Historical Center Support	84,401	-	84,401	182,281
Total Program Expenses	1,251,209	-	1,251,209	954,053
Office Administration and Management	102,161	-	102,161	107,547
Fund-Raising	142,204	-	142,204	168,968
Total Operating Expenses	1,495,574	-	1,495,574	1,230,568
Excess of Operating Expenses (Over) Under Operating Revenues	(128,910)	810,658	681,748	(315,631)
Investment Income				
Interest and Dividends	43,964	-	43,964	61,107
Net Investment Gain (Loss)	(210,078)	-	(210,078)	23,467
Change Related to Collection Items Not Capitalized - Sale of Artifacts	33,279	-	33,279	-
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (261,745)</b>	<b>\$ 810,658</b>	<b>\$ 548,913</b>	<b>\$ (231,057)</b>

See accompanying Notes to Financial Statements.

Naval Historical Foundation

Statement of Changes in Net Assets  
For the Year Ended December 31, 2008  
(With Comparative Totals for the Year Ended December 31, 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Balance at Beginning of Year	\$ 1,391,850	\$ 183,151	\$ 1,575,001	\$ 1,806,058
Increase (Decrease) in Net Assets	<u>(261,745)</u>	<u>810,658</u>	<u>548,913</u>	<u>(231,057)</u>
<b>Balance at End of Year</b>	<u><u>\$ 1,130,105</u></u>	<u><u>\$ 993,809</u></u>	<u><u>\$ 2,123,914</u></u>	<u><u>\$ 1,575,001</u></u>

See accompanying Notes to Financial Statements.

**Naval Historical Foundation**

**Statement of Cash Flows  
For the Year Ended December 31, 2008  
(With Comparative Totals for the Year Ended December 31, 2007)**

	2008	2007
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 548,913	\$ (231,057)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	10,565	12,619
Loss on Disposal of Property and Equipment	-	8,794
Net Investment (Gain) Loss	210,078	(23,467)
<u>(Increase) Decrease in Assets</u>		
Promises to Give	(305,478)	(425,402)
Accounts Receivable	3,517	(20,026)
Accrued Interest Receivable	1,784	1,444
Inventory	-	57,893
Prepaid Expenses	(180)	(1,638)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(2,084)	2,150
Deferred Revenue	385,667	8,444
	<b>852,782</b>	<b>(610,246)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Sales and Redemptions of Investments	6,571	731,502
Purchases of Investments	(63,362)	(62,551)
Purchases of Property and Equipment	(7,702)	(7,511)
	<b>(64,493)</b>	<b>661,440</b>
<b>Net Cash Provided by (Used in) Investing Activities</b>		
Net Increase in Cash	788,289	51,194
Cash at Beginning of Year	119,796	68,602
<b>Cash at End of Year</b>	<b>\$ 908,085</b>	<b>\$ 119,796</b>

*See accompanying Notes to Financial Statements.*

## **Naval Historical Foundation**

### **Notes to Financial Statements December 31, 2008**

#### **1. ORGANIZATION**

Naval Historical Foundation (the "Foundation") was incorporated as a nonprofit organization in the District of Columbia on March 13, 1926.

The Foundation is organized for educational and literary purposes, to acquire and preserve artifacts and memorabilia pertaining to the history and traditions of the United States Navy, and to diffuse knowledge respecting such history and traditions. The Foundation operates a store in the National Museum of the United States Navy and an historic photograph and document reproduction service as part of a support agreement with the Naval Historical Center in the Washington, D.C., Navy Yard. Besides offering a nationwide oral history program and a naval speakers service, the Foundation co-sponsors naval history conferences and symposia with other naval heritage organizations, and provides important financial support for the United States Navy's history programs and National Museum of the United States Navy.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Promises to Give**

Promises to give that are scheduled to be received after the end of the reporting period are shown as increases in temporarily restricted net assets and reclassified to unrestricted net assets when the purpose or time restriction is met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at the risk-free rate applicable to the years in which the promises are to be received. Amortization of any discount is recorded as contribution support. Management believes all promises to give are collectible at December 31, 2008.

**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts, if any. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivables will not be collected. The Foundation's management believes that accounts receivable are fully collectible at December 31, 2008.

**Investments**

Investments in securities are reported at fair value and, accordingly, gains or losses resulting from market fluctuations are recognized in the statement of activities in the period in which they occur.

**Property and Equipment**

Property and equipment additions in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years. Depreciation expense for 2008 was \$10,565.

**Historical Collection**

The Foundation does not capitalize its historical collection. The historical collection consists of documents and artifacts of historical significance that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Proceeds from deaccessions are reflected as increases in unrestricted net assets.

**United States Navy Contract Revenue and Cost Recognition and Deferred Revenue**

The Foundation recognizes revenue from its fixed-price contract with the United States Navy on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for the contract. That method is used because management considers total cost to be the best available measure of progress on the contract. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.



**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**United States Navy Contract Revenue and Cost Recognition and Deferred Revenue  
(Continued)**

The contract cost includes all direct Foundation personnel and other costs and contractors' fees. Billings to the United States Navy in excess of revenue recognized are reported as deferred revenue on the statement of financial position.

**Net Assets**

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, its accounts are maintained by classes of net assets. Consequently, resources are classified for accounting and reporting purposes into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

**Donated Facilities**

The Foundation occupies premises, without charge, located in a government-owned building. There is no clearly measurable or objective basis for determining the estimated fair rental value of the government-owned premises. Accordingly, no value has been reflected in the statement of activities.

**Income Taxes**

The Foundation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Foundation is subject to federal and state income taxes to the extent that it generates unrelated business income. The Foundation had no unrelated business income for the year ended December 31, 2008.

**Comparative Information**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2008**

**3. PROMISES TO GIVE**

Promises to give are due to be collected as follows:

For the Years Ending December 31,

2009	\$ 160,000
2010	250,000
2011	150,000
2012	150,000
2013	<u>100,000</u>
	810,000
Discounted at 5%	<u>(79,120)</u>
Present Value of Promises to Give	<u>\$ 730,880</u>

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

As of December 31, 2008, the Foundation's only assets or liabilities measured at fair value on a recurring basis consisted of the following:

	Fair Market Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Money Market Fund	\$ 41,536	\$ 41,536	\$ -
U.S. Government Obligations	257,207	257,207	-
Corporate Obligations	223,146	223,146	-
Equities	166,779	166,779	-
Mutual Funds - Equities	205,215	205,215	-
Mutual Funds - Fixed Income	14,985	14,985	-
Promises to Give	<u>730,880</u>	<u>-</u>	<u>730,880</u>
	<u>\$ 1,639,748</u>	<u>\$ 908,868</u>	<u>\$ 730,880</u>

**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2008**

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs, if any, are based primarily on quoted prices for similar assets in active or inactive markets. Promises to give valued using Level 3 inputs are estimated as the present value of expected future cash inflows, using the Foundation's own assumptions about timing and collectibility of the future cash inflows and an appropriate discount rate. None of the Foundation's financial assets are valued using Level 2 inputs.

For the promises to give measured at fair value on a recurring basis using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances is as follows:

Balance, January 1, 2008	\$ 425,402
Change in Value of Promises to Give	12,323
New Promises to Give Added	535,655
Payments Received on Promises to Give	(242,500)
Transfers In and/or Out of Level 3	<u>-</u>
Balance, December 31, 2008	\$ <u>730,880</u>

The change in value of the promises to give is attributable to the revaluation of the promises to give based on the passage of time until the estimated collections of the promises to give and is included in the change in temporarily restricted net assets for the year ended December 31, 2008.

Investment return consists of the following:

Interest and Dividends	\$ 43,964
Net Realized and Unrealized Loss on Investments	<u>(210,078)</u>
Total Investment Return	\$ <u>(166,114)</u>

**5. TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2008, the Foundation had temporarily restricted net assets for the following project:

Cold War Gallery Project	\$ <u>993,809</u>
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**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2008**

**5. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

During 2008, temporarily restricted net assets were released from restrictions for the following projects based on satisfaction of the purpose restrictions:

Crowe Oral History Project	\$ 13,254
Cold War Gallery Project	<u>167,715</u>
Total	<u>\$ 180,969</u>

**6. RETIREMENT PLAN**

The Foundation has a 403(b) plan for all eligible employees who meet length of service requirements. The Foundation matches up to 5% of compensation deferred by employees. The retirement plan cost for the year ended December 31, 2008, was \$17,045.

**7. UNITED STATES NAVY CONTRACT**

In September 2007, the Foundation entered into a fixed-price contract that covers the acquisition, installation, and maintenance of exhibits in the National Museum of the United States Navy. The award amount for these services is \$3 million.

Costs for the year ended December 31, 2008, on this project that have been included as part of the Museum Support program expenses are as follows:

Salaries, Benefits, and Payroll Taxes	\$ 179,247
Bank Fees	15
Contractors	<u>617,593</u>
Total	<u>\$ 796,855</u>

**8. NATIONAL MUSEUM OF THE UNITED STATES NAVY EVENTS**

During 2007, the Foundation was granted a license by the United States Navy to generate revenue in support of the National Museum of the United States Navy through the rental of facilities to the public, commercial and non-profit entities, state and local governments, and other federal agencies. This facilities rental program permits the Foundation to offer individuals and organizations the opportunity to hold events in a setting where the history and heritage of the United States Navy can be experienced and appreciated. This program supports the Foundation's mission of promoting increased support for the United States Navy's historical programs in general and its museums in particular. Proceeds from these events will be made available to the National Museum of the United States Navy through current gift acceptance policies of the United States Department of the Navy.

**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2008**

**9. OPERATING LEASE**

The Foundation leases a copier under a lease that expires in 2013. Rental expense for the year ended December 31, 2008, was \$4,248.

Minimum future lease payments under the lease are as follows:

For the Years Ending December 31,

2009	\$	5,664
2010		5,664
2011		5,664
2012		5,664
2013		<u>1,416</u>
Total Minimum Future Lease Payments	\$	<u>24,072</u>

**10. HISTORICAL COLLECTION**

The Foundation has catalogued approximately 4,000 documents and artifacts of historical interest, obtained as donations during the 82-year life of the Foundation. The collection is not included in the financial accounts of the Foundation because its value is not determinable at a reasonable cost. Although the historical collection has not been valued, management believes that it has significant value. The collection is being dispersed through donation to appropriate government and non-profit museum, library, and archival organizations.

The Foundation maintains the collection in a secured facility at the Washington Navy Yard in Washington, D.C. Expenses of maintaining the collection of approximately \$50,000 are included in Naval Historical Foundation program expenses on the statement of activities.



## Independent Auditors' Report on Supplementary Information

Board of Directors  
Naval Historical Foundation  
Washington, D.C.

Our report on our audit of the basic financial statements of Naval Historical Foundation for 2008 appears preceding page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in the accompanying pages 12 to 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Councilor, Buchanan + Mitchell, P.C.*

Bethesda, Maryland  
April 30, 2009

Certified Public Accountants\

Naval Historical Foundation

Combining Schedule of Museum Store and Historical Services Operating Expenses  
For the Year Ended December 31, 2008  
(With Comparative Totals for the Year Ended December 31, 2007)

	Unrestricted		Total 2008	Total 2007
	Operating	Board Designated Collection Support		
<b>Museum Store Operating Expenses</b>				
Bank Service Charges	\$ -	\$ -	\$ -	\$ 667
Depreciation	-	-	-	265
Equipment	-	-	-	127
Miscellaneous	-	-	-	831
Postage and Shipping	-	-	-	1,214
Salaries, Benefits, and Payroll Taxes	-	-	-	18,162
Supplies	-	-	-	59
Telephone	-	-	-	978
<b>Total Museum Store Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,303</b>
<b>Historical Services Operating Expenses</b>				
Bank Service Charges	\$ 4,638	\$ -	\$ 4,638	\$ 4,797
Consultant	2,425	-	2,425	239
Depreciation	1,682	-	1,682	1,867
Equipment	4,951	-	4,951	1,517
Insurance	125	-	125	957
Miscellaneous	-	-	-	11
Postage and Shipping	6,741	-	6,741	7,806
Salaries, Benefits, and Payroll Taxes	61,526	-	61,526	69,650
Supplies	4,266	-	4,266	8,714
Telephone	1,213	-	1,213	1,229
<b>Total Historical Services Operating Expenses</b>	<b>\$ 87,567</b>	<b>\$ -</b>	<b>\$ 87,567</b>	<b>\$ 96,787</b>

## Naval Historical Foundation

**Combining Schedule of Expenses**  
**For the Year Ended December 31, 2008**  
**(With Comparative Totals for the Year Ended December 31, 2007)**

	Unrestricted		Total 2008	Total 2007
	Operating	Board Designated Collection Support		
<b>Naval Historical Foundation</b>				
Advertising	\$ 2,524	\$ -	\$ 2,524	\$ 3,241
Awards	1,150	-	1,150	809
Bank Service Charges	2,741	-	2,741	3,756
Collection Support	-	35,884	35,884	334
Conferences	3,188	-	3,188	5,276
Consultants	1,057	-	1,057	11,949
Depreciation	7,219	-	7,219	8,390
Equipment	5,964	-	5,964	3,367
Facility Rental Expenses	53,525	-	53,525	49,873
Insurance	4,580	-	4,580	5,893
Internet	298	-	298	-
Loss on Disposal of Property and Equipment	-	-	-	7,035
Miscellaneous	8,844	3,530	12,374	3,491
Oral History - Other	13,254	-	13,254	5,359
Postage and Shipping	5,201	-	5,201	9,218
Printing	8,532	-	8,532	7,843
Publications	4,136	-	4,136	10,972
Salaries, Benefits, and Payroll Taxes	126,170	-	126,170	175,036
Subscriptions	1,085	-	1,085	2,065
Supplies	4,130	16	4,146	6,685
Telephone	3,915	-	3,915	4,410
<b>Total Naval Historical Foundation</b>	<b>\$ 257,513</b>	<b>\$ 39,430</b>	<b>\$ 296,943</b>	<b>\$ 325,002</b>
<b>Museum Support</b>				
Advertising	\$ 1,335	\$ -	\$ 1,335	\$ 810
Bank Service Charges	15	-	15	-
Cold War Gallery Support	25,511	-	25,511	288,358
Contractors	631,705	-	631,705	13,874
Educational Programs	-	-	-	2,146
Exhibits - Other	-	-	-	12,076
Miscellaneous	74	-	74	352
Printing	469	-	469	9,986
Salaries, Benefits, and Payroll Taxes	210,756	-	210,756	105,434
Subscriptions	-	-	-	1,275
Supplies	-	-	-	12,459
<b>Total Museum Support</b>	<b>\$ 869,865</b>	<b>\$ -</b>	<b>\$ 869,865</b>	<b>\$ 446,770</b>



## Naval Historical Foundation

**Combining Schedule of Expenses**  
**For the Year Ended December 31, 2008**  
 (With Comparative Totals for the Year Ended December 31, 2007)

	Unrestricted		Total 2008	Total 2007
	Operating	Board Designated Collection Support		
<b>Naval Historical Center Support</b>				
Art Gallery	\$ -	\$ 1,597	\$ 1,597	\$ 63
Contemporary History	828	-	828	621
Curator	-	1,147	1,147	6,279
Early History	450	-	450	28
Front Office	22,971	-	22,971	420
Library	-	3,887	3,887	14,387
Miscellaneous	4,807	-	4,807	2,948
Operational Archives	-	3,519	3,519	2,913
Oral History	-	-	-	6,002
Salaries, Benefits, and Payroll Taxes	44,624	-	44,624	60,305
Senior Historian	-	-	-	7,183
Telephone	571	-	571	-
Turner Document Processing	-	-	-	81,132
<b>Total Naval Historical Center Support</b>	<b>\$ 74,251</b>	<b>\$ 10,150</b>	<b>\$ 84,401</b>	<b>\$ 182,281</b>
<b>Office Administration and Management</b>				
Advertising	\$ 631	\$ -	\$ 631	\$ 810
Bank Service Charges	664	-	664	938
Consultants	123	-	123	-
Depreciation	1,664	-	1,664	2,097
Equipment	1,491	-	1,491	842
Insurance	1,145	-	1,145	1,611
Internet	97	-	97	-
Investment Fees	6,571	-	6,571	8,502
Loss on Disposal of Property and Equipment	-	-	-	1,759
Miscellaneous	2,555	-	2,555	321
Postage and Shipping	1,303	-	1,303	1,651
Printing	932	-	932	2,711
Professional Services	47,724	-	47,724	38,520
Salaries, Benefits, and Payroll Taxes	34,858	-	34,858	44,884
Subscriptions	249	-	249	440
Supplies	1,033	-	1,033	1,359
Telephone	1,121	-	1,121	1,102
<b>Total Office Administration and Management</b>	<b>\$ 102,161</b>	<b>\$ -</b>	<b>\$ 102,161</b>	<b>\$ 107,547</b>
<b>Fund-Raising</b>				
Cold War Gallery Campaign	\$ 59,763	\$ -	\$ 59,763	\$ 36,001
Salaries, Benefits, and Payroll Taxes	82,441	-	82,441	132,967
<b>Total Fund-Raising</b>	<b>\$ 142,204</b>	<b>\$ -</b>	<b>\$ 142,204</b>	<b>\$ 168,968</b>

**Naval Historical Foundation**

**Combining Schedule of Changes in Net Assets  
For the Year Ended December 31, 2008**

	Unrestricted	Board Designated	Total	Temporarily	Total
	Operating	Collection Support	Unrestricted	Restricted	
Balance at Beginning of Year	\$ 1,328,457	\$ 63,393	\$ 1,391,850	\$ 183,151	\$ 1,575,001
Increase (Decrease) in Net Assets	(245,444)	(16,301)	(261,745)	810,658	548,913
<b>Balance at End of Year</b>	<b>\$ 1,083,013</b>	<b>\$ 47,092</b>	<b>\$ 1,130,105</b>	<b>\$ 993,809</b>	<b>\$ 2,123,914</b>

**Naval Historical Foundation**

**Schedule of Changes in Investments  
For the Year Ended December 31, 2008**

	Cost	Unrealized Gain (Loss)	Fair Market Value
Beginning of Year	\$ 920,798	\$ 141,357	\$ 1,062,155
Interest and Dividends (A)	43,851	-	43,851
Realized Loss	(30,237)	-	(30,237)
Unrealized Loss	-	(179,841)	(179,841)
Investment Management Fees	(6,571)	-	(6,571)
Stock Donations	19,511	-	19,511
<b>End of Year</b>	<b>\$ 947,352</b>	<b>\$ (38,484)</b>	<b>\$ 908,868</b>

(A) Interest and Dividends - Accrual Basis		\$ 43,964
Less Non-investment Interest		(1,897)
Interest and Dividends from Investments - Accrual Basis		42,067
Add Accrued Interest at Beginning of Year		9,322
Less Accrued Interest at End of Year		(7,538)
<b>Interest and Dividends from Investments - Cash Basis</b>		<b>\$ 43,851</b>