

NAVAL HISTORICAL FOUNDATION

WASHINGTON, D.C.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2014

Naval Historical Foundation

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December 31, 2014**

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Naval Historical Foundation, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the Financial Statements (Continued)

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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Naval Historical Foundation's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 16 through 19 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Counitor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
April 20, 2015

Certified Public Accountants

Naval Historical Foundation
Statement of Financial Position
December 31, 2014
(With Comparative Totals as of December 31, 2013)

	2014	2013
Assets		
Current Assets		
Cash	\$ 314,146	\$ 248,648
Promises to Give	125,000	102,500
Accrued Interest Receivable	1,512	1,738
Prepaid Expenses	18,803	22,002
Store Inventory	71,615	117,524
Total Current Assets	531,076	492,412
Investments	1,244,911	1,247,474
Promises to Give	257,147	73,570
Property and Equipment		
Furniture, Fixtures, and Equipment	149,164	148,056
Less Accumulated Depreciation and Amortization	(97,817)	(73,939)
Net Property and Equipment	51,347	74,117
Artifact Collection (Notes 2 and 10)	-	-
Total Assets	\$ 2,084,481	\$ 1,887,573
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 14,765	\$ 20,619
Deferred Revenue	22,981	22,981
Total Current Liabilities	37,746	43,600
Net Assets		
Unrestricted	1,785,081	1,541,621
Temporarily Restricted	261,654	302,352
Total Net Assets	2,046,735	1,843,973
Total Liabilities and Net Assets	\$ 2,084,481	\$ 1,887,573

See accompanying Notes to Financial Statements.

Naval Historical Foundation

**Statement of Activities
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
Operating Revenues				
Historical Services and Museum Store				
Sales	\$ 143,943	\$ -	\$ 143,943	\$ 204,561
Cost of Sales - Museum Store	<u>84,282</u>	<u>-</u>	<u>84,282</u>	<u>85,016</u>
Gross Profit (Loss)	59,661	-	59,661	119,545
Operating Expenses	<u>91,602</u>	<u>-</u>	<u>91,602</u>	<u>140,043</u>
Net Income (Loss)	<u>(31,941)</u>	<u>-</u>	<u>(31,941)</u>	<u>(20,498)</u>
Support and Other Revenues				
Donations	681,667	253,586	935,253	213,287
Facility Rental	4,900	-	4,900	7,000
Membership Dues	36,070	-	36,070	50,642
Royalties - Navy Book/Calendar/Store	22,973	-	22,973	6,043
Other Revenues	694	-	694	1,100
Net Assets Released from Restrictions	<u>294,284</u>	<u>(294,284)</u>	<u>-</u>	<u>-</u>
Total Support and Other Revenues	<u>1,040,588</u>	<u>(40,698)</u>	<u>999,890</u>	<u>278,072</u>
Total Operating Revenues	<u>1,008,647</u>	<u>(40,698)</u>	<u>967,949</u>	<u>257,574</u>
Operating Expenses				
Program Expenses				
Naval Historical Foundation	360,272	-	360,272	364,104
Museum Support	290,221	-	290,221	274,047
Naval History and Heritage				
Command Support	<u>5,232</u>	<u>-</u>	<u>5,232</u>	<u>9,381</u>
Total Program Expenses	655,725	-	655,725	647,532
Office Administration and Management	79,634	-	79,634	93,334
Fund-Raising	<u>65,084</u>	<u>-</u>	<u>65,084</u>	<u>105,370</u>
Total Operating Expenses	<u>800,443</u>	<u>-</u>	<u>800,443</u>	<u>846,236</u>
Net Income (Loss) from Operations	208,204	(40,698)	167,506	(588,662)
Investment Income				
Interest and Dividends	48,526	-	48,526	37,062
Net Investment Gain (Loss)	(18,262)	-	(18,262)	98,257
Other Revenue - Sales of Artifacts	<u>4,992</u>	<u>-</u>	<u>4,992</u>	<u>2,048</u>
Increase (Decrease) in Net Assets	<u>\$ 243,460</u>	<u>\$ (40,698)</u>	<u>\$ 202,762</u>	<u>\$ (451,295)</u>

See accompanying Notes to Financial Statements.

Naval Historical Foundation

Statement of Changes in Net Assets
 For the Year Ended December 31, 2014
 (With Comparative Totals for the Year Ended December 31, 2013)

	<u>Unrestricted</u>					
	<u>Operating</u>	<u>Board Designated Artifact Collection Support</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
Balance at Beginning of Year	\$ 1,454,821	\$ 86,800	\$ 1,541,621	\$ 302,352	\$ 1,843,973	\$ 2,295,268
Increase (Decrease) in Net Assets	<u>249,932</u>	<u>(6,472)</u>	<u>243,460</u>	<u>(40,698)</u>	<u>202,762</u>	<u>(451,295)</u>
Balance at End of Year	<u>\$ 1,704,753</u>	<u>\$ 80,328</u>	<u>\$ 1,785,081</u>	<u>\$ 261,654</u>	<u>\$ 2,046,735</u>	<u>\$ 1,843,973</u>

See accompanying Notes to Financial Statements.

Naval Historical Foundation

Statement of Cash Flows
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	2014	2013
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 202,762	\$ (451,295)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	23,878	24,048
Net Investment (Gain) Loss	18,262	(98,257)
<u>(Increase) Decrease in Assets</u>		
Promises to Give	(206,077)	142,500
Accounts Receivable	-	625
Accrued Interest Receivable	226	445
Prepaid Expenses	3,199	7,600
Inventory	45,909	(42,994)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(5,854)	4,096
Deferred Revenue	-	(17,165)
	82,305	(430,397)
Cash Flows from Investing Activities		
Sales and Redemptions of Investments	32,962	205,148
Purchases of Investments	(48,661)	(37,276)
Purchase of Equipment	(1,108)	(23,919)
	(16,807)	143,953
Net Cash Provided by (Used in) Investing Activities		
Net Increase (Decrease) in Cash	65,498	(286,444)
Cash at Beginning of Year	248,648	535,092
Cash at End of Year	\$ 314,146	\$ 248,648

See accompanying Notes to Financial Statements.

Naval Historical Foundation

Notes to Financial Statements December 31, 2014

1. ORGANIZATION

Naval Historical Foundation (the "Foundation") was incorporated as a nonprofit organization in the District of Columbia on March 13, 1926, to portray the role of seapower in the development of the United States.

The Foundation's mission is preservation, education, and commemoration; 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 museum store and a historic photograph and document reproduction service as part of a support agreement with the Naval History and Heritage Command in the Washington, D.C., Navy Yard. Besides offering a nationwide oral history program and a naval history 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 the National Museum of the United States Navy's exhibits and educational programs.

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. Contributions to be received after one year are discounted at the risk-adjusted 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, 2014.

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

Naval Historical Foundation

**Notes to Financial Statements
December 31, 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

determines the receivables will not be collected. The Foundation's management believes that accounts receivable are fully collectible at December 31, 2014.

Inventory

Inventory of museum store merchandise is stated at the lower of cost or market, with cost being determined using the first-in, first-out (FIFO) method.

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 2014 was \$23,878.

Artifact 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.

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. The Foundation did not have any permanently restricted net assets at December 31, 2014.

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.

Naval Historical Foundation

**Notes to Financial Statements
December 31, 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertainty in Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2014.

The Foundation's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during fiscal year 2014.

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, that have been filed as of December 31, 2014, for fiscal years 2013, 2012, and 2011 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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, 2013, from which the summarized information was derived.

3. CONCENTRATION OF CREDIT RISK

The Foundation has cash deposits in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC), up to certain limits. As of December 31, 2014, bank deposits do not exceed the FDIC insurance limit.

Naval Historical Foundation

Notes to Financial Statements December 31, 2014

4. PROMISES TO GIVE

Promises to give are due to be collected as follows:

For the Years Ending December 31,

2015	\$ 125,000
2016	125,000
2017	107,500
2018	<u>37,500</u>
	395,000
Discounted at 5%	<u>(12,853)</u>
Present Value of Promises to Give	<u><u>\$ 382,147</u></u>

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

As of December 31, 2014, the Foundation's only assets or liabilities measured at fair value on a recurring basis consisted of the following:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Money Market	\$ 26,963	\$ 26,963
Equities	355,215	355,215
Mutual Funds - Specialty	62,204	62,204
Mutual Funds - Equities	255,339	255,339
Mutual Funds - Fixed Income	<u>545,190</u>	<u>545,190</u>
	<u><u>\$ 1,244,911</u></u>	<u><u>\$ 1,244,911</u></u>

Financial assets valued using Level 1 inputs are based on quoted prices for identical assets 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.

Financial assets valued using Level 3 inputs, if any, are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The fair value measurement objective is to determine an exit price from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the Foundation's judgment about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include the Foundation's own data.

Naval Historical Foundation

**Notes to Financial Statements
December 31, 2014**

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

None of the Foundation's financial assets are valued using Level 2 or Level 3 inputs.

Investment return consisted of the following:

Interest and Dividends	\$ 48,526
Net Realized and Unrealized Gain (Loss) on Investments	<u>(18,262)</u>
Total Investment Account Return	<u>\$ 30,264</u>

6. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2014, the Foundation had net assets temporarily restricted for the following purposes:

Cold War Gallery Project	\$ 21,654
Digital Outreach	<u>240,000</u>
	<u>\$ 261,654</u>

During 2014, temporarily restricted net assets were released from restrictions for the following purpose restrictions:

Cold War Gallery Project	<u>\$ 294,284</u>
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7. 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, 2014, was \$12,065.

8. NATIONAL MUSEUM OF THE UNITED STATES NAVY EVENTS

During 2007, the Foundation was granted a five-year 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. In February 2012, the Navy extended the license for another five-year period, ending in January 2017. 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. Facility rental 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, 2014**

9. OPERATING LEASE

The Foundation leases a copier under a lease that expires in 2017. Rental expense for the year ended December 31, 2014, was \$5,520.

Minimum future lease payments under the lease are as follows:

For the Years Ending December 31,

2015	\$ 5,520
2016	5,520
2017	<u>4,140</u>
Total Minimum Future Lease Payments	<u><u>\$ 15,180</u></u>

10. ARTIFACT COLLECTION

The Foundation has catalogued approximately 4,000 documents and artifacts of historical interest, obtained as donations during the 89-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 \$6,472 are included in Naval Historical Foundation program expenses on the statement of activities.

11. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 20, 2015, the date on which the financial statements were available to be issued.

Supplementary Information

Naval Historical Foundation

Combining Schedule of Historical Services and Museum Store Operating Expenses
 For the Year Ended December 31, 2014
 (With Comparative Totals for the Year Ended December 31, 2013)

	<u>Unrestricted</u>			
	<u>Operating</u>	<u>Board Designated Artifact Collection Support</u>	<u>Total 2014</u>	<u>Total 2013</u>
Historical Services Operating Expenses				
Bank Service Charges	\$ -	\$ -	\$ -	\$ 5,609
Photo Reprints	197	-	197	5,100
Postage and Shipping	-	-	-	1,387
Salaries, Benefits, and Payroll Taxes	4,504	-	4,504	29,693
Supplies	-	-	-	967
Total Historical Services Operating Expenses	4,701	-	4,701	42,756
Museum Store Operating Expenses				
Bank Service Charges	11,844	-	11,844	7,899
Consultant	1,552	-	1,552	-
Depreciation	4,672	-	4,672	4,672
Equipment	-	-	-	266
Photo Research	1,817	-	1,817	1,111
Postage and Shipping	11,445	-	11,445	7,392
Salaries, Benefits, and Payroll Taxes	51,421	-	51,421	60,311
Subscriptions	1,003	-	1,003	1,697
Supplies	1,336	-	1,336	10,847
Telephone	1,811	-	1,811	3,092
Total Museum Store Operating Expenses	86,901	-	86,901	97,287
Total Historical Services and Museum Store Operating Expenses	\$ 91,602	\$ -	\$ 91,602	\$ 140,043

**Combining Schedule of Expenses
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

	<u>Unrestricted</u>			Total 2013
	<u>Operating</u>	<u>Board Designated Artifact Collection Support</u>	<u>Total 2014</u>	
Naval Historical Foundation				
Advertising	\$ 3,324	\$ -	\$ 3,324	\$ 5,955
Amortization	12,400	-	12,400	12,400
Artifact Collection Support	-	6,472	6,472	2,325
Awards	6,668	-	6,668	6,841
Bank Service Charges	1,171	-	1,171	447
Conferences	4,954	-	4,954	1,099
Consultants	20,161	-	20,161	22,841
Depreciation	5,785	-	5,785	5,930
Equipment	10,936	-	10,936	9,558
Facility Rental Expenses	1,019	-	1,019	4,798
Historical Events	23,796	-	23,796	13,916
Insurance	9,461	-	9,461	4,731
Internet	1,004	-	1,004	1,557
Miscellaneous	246	-	246	171
Oral History	686	-	686	4,827
Postage and Shipping	4,369	-	4,369	7,334
Printing	12,931	-	12,931	27,825
Salaries, Benefits, and Payroll Taxes	213,846	-	213,846	213,473
Subscriptions	4,885	-	4,885	4,006
Supplies	4,900	-	4,900	4,129
Telephone	7,103	-	7,103	7,231
Travel	4,155	-	4,155	2,710
Total Naval Historical Foundation	\$ 353,800	\$ 6,472	\$ 360,272	\$ 364,104
Museum Support				
Cold War Gallery Education	\$ 35,568	\$ -	\$ 35,568	\$ 42,460
Cold War Gallery Exhibit	26,774	-	26,774	42,459
Cold War Gallery Website	85	-	85	2,000
Navy Museum	10,902	-	10,902	8,522
Salaries, Benefits, and Payroll Taxes	216,892	-	216,892	178,606
Total Museum Support	\$ 290,221	\$ -	\$ 290,221	\$ 274,047

Combining Schedule of Expenses
For the Year Ended December 31, 2014
 (With Comparative Totals for the Year Ended December 31, 2013)

	<u>Unrestricted</u>		<u>Total 2014</u>	<u>Total 2013</u>
	<u>Operating</u>	<u>Board Designated Artifact Collection Support</u>		
Naval History and Heritage				
Command Support				
Art Gallery	\$ -	\$ -	\$ -	\$ 42
Curator	-	-	-	950
Equipment	772	-	772	178
Events	596	-	596	3,389
Library	1,192	-	1,192	878
Operational Archives	-	-	-	118
Telephone	1,768	-	1,768	1,418
Travel	904	-	904	2,408
	<u>904</u>	<u>-</u>	<u>904</u>	<u>2,408</u>
Total Naval History and Heritage Command Support	<u>\$ 5,232</u>	<u>\$ -</u>	<u>\$ 5,232</u>	<u>\$ 9,381</u>
Office Administration and Management				
Advertising	\$ 587	\$ -	\$ 587	\$ 1,051
Bank Service Charges	-	-	-	31
Depreciation	1,021	-	1,021	1,046
Equipment	1,930	-	1,930	2,543
Insurance	1,706	-	1,706	835
Investment Fees	10,497	-	10,497	11,095
Miscellaneous	73	-	73	-
Postage and Shipping	723	-	723	1,178
Professional Services	39,482	-	39,482	37,697
Salaries, Benefits, and Payroll Taxes	20,544	-	20,544	34,321
Subscriptions	862	-	862	950
Supplies	955	-	955	702
Telephone	1,254	-	1,254	1,885
	<u>1,254</u>	<u>-</u>	<u>1,254</u>	<u>1,885</u>
Total Office Administration and Management	<u>\$ 79,634</u>	<u>\$ -</u>	<u>\$ 79,634</u>	<u>\$ 93,334</u>
Fund-Raising				
Cold War Gallery Campaign	\$ 51,703	\$ -	\$ 51,703	\$ 11,835
Salaries, Benefits, and Payroll Taxes	13,381	-	13,381	93,535
	<u>13,381</u>	<u>-</u>	<u>13,381</u>	<u>93,535</u>
Total Fund-Raising	<u>\$ 65,084</u>	<u>\$ -</u>	<u>\$ 65,084</u>	<u>\$ 105,370</u>

Naval Historical Foundation

**Schedule of Changes in Investments
For the Year Ended December 31, 2014**

	Cost	Unrealized Gain (Loss)	Fair Market Value
Beginning of Year	\$ 984,111	\$ 263,363	\$ 1,247,474
Interest and Dividends (A)	48,661	-	48,661
Stock Contributions	188,474	-	188,474
Realized Gain	717	-	717
Unrealized Loss	-	(18,979)	(18,979)
Investment Management Fees	(10,497)	-	(10,497)
Transfer to Savings	(210,939)	-	(210,939)
End of Year	\$ 1,000,527	\$ 244,384	\$ 1,244,911

(A) Interest and Dividends - Accrual Basis		\$ 48,526
Less 2014 Checking Account Interest		(91)
Interest and Dividends from Investments - Accrual Basis		48,435
Add Accrued Interest at Beginning of Year		1,738
Less Accrued Interest at End of Year		(1,512)
Interest and Dividends from Investments - Cash Basis		\$ 48,661