

NAVAL HISTORICAL FOUNDATION

WASHINGTON, D.C.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2011



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 (the "Foundation") as of December 31, 2011, 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 2010 financial statements and, in our report dated April 21, 2011, 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, 2011, 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 6, 2012

Certified Public Accountants

Naval Historical Foundation
Statement of Financial Position
December 31, 2011
(With Comparative Totals as of December 31, 2010)

	2011	2010
Assets		
Current Assets		
Cash	\$ 996,702	\$ 1,660,978
Promises to Give	480,000	593,175
Accounts Receivable	8,026	8,026
Accrued Interest Receivable	2,852	4,882
Prepaid Expenses	6,711	6,711
Store Inventory	37,129	-
	1,531,420	2,273,772
Total Current Assets		
	1,174,776	1,185,096
Investments		
	249,664	666,385
Promises to Give		
Property and Equipment		
Furniture, Fixtures, and Equipment	113,581	110,596
Less Accumulated Depreciation	(31,671)	(101,255)
	81,910	9,341
Net Property and Equipment		
	81,910	9,341
Artifact Collection (Notes 2 and 10)	-	-
	-	-
Total Assets	\$ 3,037,770	\$ 4,134,594
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 19,117	\$ 14,251
Deferred Revenue	51,677	57,191
	70,794	71,442
Total Current Liabilities		
	70,794	71,442
Net Assets		
Unrestricted	1,627,695	1,627,630
Temporarily Restricted	1,339,281	2,435,522
	2,966,976	4,063,152
Total Net Assets		
	\$ 3,037,770	\$ 4,134,594
Total Liabilities and Net Assets		

See accompanying Notes to Financial Statements.

Naval Historical Foundation

**Statement of Activities
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
Operating Revenues				
Historical Services and Museum Store				
Sales	\$ 72,282	\$ -	\$ 72,282	\$ 62,587
Cost of Sales - Museum Store	<u>6,011</u>	<u>-</u>	<u>6,011</u>	<u>-</u>
Gross Profit (Loss)	66,271	-	66,271	62,587
Operating Expenses	<u>90,399</u>	<u>-</u>	<u>90,399</u>	<u>72,579</u>
Net Loss	<u>(24,128)</u>	<u>-</u>	<u>(24,128)</u>	<u>(9,992)</u>
Support and Other Revenues				
Donations	418,047	221,574	639,621	1,081,455
Contract - Museum	-	-	-	514,844
Facility Rental	9,000	-	9,000	18,800
Membership Dues	14,838	-	14,838	34,245
Royalties - Navy Book/Calendar/Store	14,468	-	14,468	19,614
Other Revenues	7,965	-	7,965	6,133
Net Assets Released from Restrictions	<u>1,317,815</u>	<u>(1,317,815)</u>	<u>-</u>	<u>-</u>
Total Support and Other Revenues	<u>1,782,133</u>	<u>(1,096,241)</u>	<u>685,892</u>	<u>1,675,091</u>
Total Operating Revenues	<u>1,758,005</u>	<u>(1,096,241)</u>	<u>661,764</u>	<u>1,665,099</u>
Operating Expenses				
Program Expenses				
Naval Historical Foundation	195,468	-	195,468	224,408
Museum Support	1,147,661	-	1,147,661	471,869
Naval History and Heritage Command Support	<u>63,485</u>	<u>-</u>	<u>63,485</u>	<u>67,774</u>
Total Program Expenses	1,406,614	-	1,406,614	764,051
Office Administration and Management	107,561	-	107,561	79,038
Fund-Raising	<u>248,632</u>	<u>-</u>	<u>248,632</u>	<u>228,682</u>
Total Operating Expenses	<u>1,762,807</u>	<u>-</u>	<u>1,762,807</u>	<u>1,071,771</u>
Excess of Operating Revenues over (under)				
Operating Expenses	(4,802)	(1,096,241)	(1,101,043)	593,328
Investment Income				
Interest and Dividends	39,416	-	39,416	38,741
Net Investment Gain (Loss)	(39,082)	-	(39,082)	66,065
Other Revenue - Sales of Artifacts	<u>4,533</u>	<u>-</u>	<u>4,533</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>\$ 65</u>	<u>\$ (1,096,241)</u>	<u>\$ (1,096,176)</u>	<u>\$ 698,134</u>

See accompanying Notes to Financial Statements.

Naval Historical Foundation

**Statement of Changes in Net Assets
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

	<u>Unrestricted</u>					
	<u>Board</u>	<u>Designated</u>	<u>Total</u>	<u>Temporarily</u>	<u>Total</u>	<u>Total</u>
	<u>Operating</u>	<u>Artifact</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2011</u>	<u>2010</u>
	<u>Support</u>	<u>Collection</u>				
Balance at Beginning of Year	\$1,532,852	\$ 94,778	\$1,627,630	\$2,435,522	\$4,063,152	\$3,365,018
Increase (Decrease) in Net Assets	<u>3,804</u>	<u>(3,739)</u>	<u>65</u>	<u>(1,096,241)</u>	<u>(1,096,176)</u>	<u>698,134</u>
Balance at End of Year	<u>\$1,536,656</u>	<u>\$ 91,039</u>	<u>\$1,627,695</u>	<u>\$1,339,281</u>	<u>\$2,966,976</u>	<u>\$4,063,152</u>

See accompanying Notes to Financial Statements.

Naval Historical Foundation

Statement of Cash Flows For the Year Ended December 31, 2011 (With Comparative Totals for the Year Ended December 31, 2010)

	2011	2010
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (1,096,176)	\$ 698,134
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation	4,543	6,771
Net Investment (Gain)/Loss	39,082	(66,065)
<u>(Increase) Decrease in Assets</u>		
Promises to Give	529,896	34,844
Accounts Receivable	-	169,039
Accrued Interest Receivable	2,030	1,201
Prepaid Expenses	-	(789)
Inventory	(37,129)	-
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	4,866	(37,242)
Deferred Revenue	(5,514)	-
	(558,402)	805,893
Net Cash Provided by (Used in)		
Operating Activities	(558,402)	805,893
Cash Flows from Investing Activities		
Sales and Redemptions of Investments	8,846	32,845
Purchases of Investments	(37,608)	(37,885)
Purchase of Website	(62,000)	-
Purchase of Equipment	(15,112)	-
	(105,874)	(5,040)
Net Cash Used in Investing Activities	(105,874)	(5,040)
Net Increase (Decrease) in Cash	(664,276)	800,853
Cash at Beginning of Year	1,660,978	860,125
Cash at End of Year	\$ 996,702	\$ 1,660,978

See accompanying Notes to Financial Statements.

Naval Historical Foundation

Notes to Financial Statements December 31, 2011

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, 2011.

Naval Historical Foundation

Notes to Financial Statements December 31, 2011

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, 2011.

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 2011 was \$4,543.

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.

Naval Historical Foundation

Notes to Financial Statements December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2011 or 2010.

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.

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 2011 and 2010.

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 years 2011 and 2010.

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, that have been filed as of May 30, 2011, for fiscal years 2010, 2009, and 2008 are subject to examination by the Internal Revenue Service, generally for 3 years after they were filed.

Naval Historical Foundation

Notes to Financial Statements December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2010, from which the summarized information was derived.

3. PROMISES TO GIVE

Promises to give are due to be collected as follows:

For the Years Ending December 31,

2012	\$	480,000
2013		180,000
2014		75,000
2015		<u>20,000</u>
		755,000
Discounted at 5%		<u>(25,336)</u>
Present Value of Promises to Give	\$	<u>729,664</u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

As of December 31, 2011, the Foundation's only assets or liabilities measured at fair value on a recurring basis consisted of the following:

	<u>Fair Value</u>	Level 1 <u>Inputs</u>
Money Market Fund	\$ 7,135	\$ 7,135
Equities	486,678	486,678
Mutual Funds - Specialty	60,221	60,221
Mutual Funds - Equities	111,732	111,732
Mutual Funds - Fixed Income	<u>509,010</u>	<u>509,010</u>
	<u>\$ 1,174,776</u>	<u>\$ 1,174,776</u>

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

Naval Historical Foundation

**Notes to Financial Statements
December 31, 2011**

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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	\$ 39,416
Net Realized and Unrealized Gain/(Loss) on Investments	<u>(39,082)</u>
Total Investment Return	<u>\$ 334</u>

5. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2011, the Foundation had net assets temporarily restricted for the following purposes:

Cold War Gallery Project	\$ 1,310,702
Website	<u>28,579</u>
Total	<u>\$ 1,339,281</u>

During 2011, temporarily restricted net assets were released from restrictions for the following purpose restrictions:

Cold War Gallery Project	\$ 1,154,640
Centennial of Naval Aviation	10,000
Website	<u>153,175</u>
	<u>\$ 1,317,815</u>

Naval Historical Foundation

Notes to Financial Statements December 31, 2011

6. 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, 2011. Tax returns open for examination as of December 31, 2011, include returns filed with the Internal Revenue Service for the tax years 2008-2010.

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, 2011, was \$12,638.

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. 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. Subsequent to December 31, 2011, the Navy extended the license for another five-year period, ending in 2017.

9. OPERATING LEASE

The Foundation leases a copier under a lease that expires in 2013. Rental expense for the year ended December 31, 2011, was \$5,664.

Minimum future lease payments under the lease are as follows:

For the Years Ending December 31,

2012	\$	5,664
2013		<u>1,416</u>
Total Minimum Future Lease Payments	\$	<u>7,080</u>

Naval Historical Foundation

Notes to Financial Statements December 31, 2011

10. ARTIFACT COLLECTION

The Foundation has catalogued approximately 4,000 documents and artifacts of historical interest, obtained as donations during the 86-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 \$8,272 are included in Naval Historical Foundation program expenses on the statement of activities.

11. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 6, 2012, the date on which the financial statements were available to be issued.



Independent Auditors' Report on Supplementary Information

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

We have audited the financial statements of Naval Historical Foundation as of and for the year ended December 31, 2011, and have issued our report thereon dated April 6, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 13 through 16 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.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
April 6, 2012

Certified Public Accountants

Naval Historical Foundation

Combining Schedule of Historical Services and Museum Store Operating Expenses
 For the Year Ended December 31, 2011
 (With Comparative Totals for the Year Ended December 31, 2010)

	Unrestricted			
	Operating	Board Designated Artifact Collection Support	Total 2011	Total 2010
Historical Services Operating Expenses				
Bank Service Charges	\$ 4,423	\$ -	\$ 4,423	\$ 3,152
Consultant	-	-	-	1,255
Depreciation	1,502	-	1,502	2,242
Photo Reprints	6,684	-	6,684	-
Postage and Shipping	9,037	-	9,037	8,107
Salaries, Benefits, and Payroll Taxes	37,232	-	37,232	51,186
Supplies	5,307	-	5,307	6,637
Total Historical Services Operating Expenses	64,185	-	64,185	72,579
Museum Store Operating Expenses				
Advertising	3,700	-	3,700	-
Bank Service Charges	599	-	599	-
Depreciation	381	-	381	-
Equipment	1,266	-	1,266	-
Salaries, Benefits, and Payroll Taxes	12,058	-	12,058	-
Subscriptions	422	-	422	-
Supplies	6,859	-	6,859	-
Telephone	929	-	929	-
Total Museum Store Operating Expenses	26,214	-	26,214	-
Total Historical Services and Museum Store Operating Expenses	\$ 90,399	\$ -	\$ 90,399	\$ 72,579

Naval Historical Foundation

Combining Schedule of Expenses
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	Unrestricted		Total 2011	Total 2010
	Operating	Board Designated Artifact Collection Support		
Naval Historical Foundation				
Advertising	\$ 5,235	\$ -	\$ 5,235	\$ 5,113
Artifact Collection Support	-	4,518	4,518	-
Awards	1,026	-	1,026	1,162
Bank Service Charges	3,826	-	3,826	3,060
Conferences	22,014	-	22,014	17,749
Consultants	26,440	-	26,440	7,859
Depreciation	2,261	-	2,261	3,623
Equipment	6,747	-	6,747	6,892
Facility Rental Expenses	4,647	-	4,647	14,820
Insurance	5,701	-	5,701	5,842
Internet	679	-	679	365
Miscellaneous	1,383	-	1,383	1,467
Oral History - Other	9,499	-	9,499	33,387
Postage and Shipping	6,377	-	6,377	3,423
Printing	8,903	-	8,903	18,116
Publications	-	-	-	1,165
Salaries, Benefits, and Payroll Taxes	66,002	-	66,002	80,855
Subscriptions	3,127	-	3,127	956
Supplies	7,708	-	7,708	8,650
Telephone	4,811	-	4,811	4,383
Travel	4,564	-	4,564	5,521
Total Naval Historical Foundation	<u>\$ 190,950</u>	<u>\$ 4,518</u>	<u>\$ 195,468</u>	<u>\$ 224,408</u>
Museum Support				
Cold War Gallery Exhibit	\$ 877,091	\$ -	\$ 877,091	\$ 340,068
Cold War Gallery Education	49,930	-	49,930	-
Cold War Gallery Website	20,545	-	20,545	-
Navy Museum	28,328	-	28,328	18,255
Salaries, Benefits, and Payroll Taxes	171,767	-	171,767	113,546
Total Museum Support	<u>\$ 1,147,661</u>	<u>\$ -</u>	<u>\$ 1,147,661</u>	<u>\$ 471,869</u>

Naval Historical Foundation

Combining Schedule of Expenses
For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	Unrestricted		Total 2011	Total 2010
	Operating	Board Designated Artifact Collection Support		
Naval History and Heritage Command Support				
Art Gallery	\$ -	\$ 110	\$ 110	\$ 55
Consultants	12,294	-	12,294	-
Contemporary History	1,045	-	1,045	668
Curator	-	-	-	47
Commemorations	9,795	24	9,819	8,799
Library	-	3,415	3,415	7,097
Awards	-	-	-	500
Operational Archives	-	205	205	4,819
Salaries, Benefits, and Payroll Taxes	32,981	-	32,981	44,036
Senior Historian	1,000	-	1,000	-
Telephone	2,616	-	2,616	1,753
	<u>\$ 59,731</u>	<u>\$ 3,754</u>	<u>\$ 63,485</u>	<u>\$ 67,774</u>
Office Administration and Management				
Advertising	\$ 924	\$ -	\$ 924	\$ 1,171
Bank Service Charges	644	-	644	350
Depreciation	399	-	399	906
Equipment	933	-	933	782
Insurance	1,006	-	1,006	1,461
Internet	45	-	45	91
Investment Fees	8,846	-	8,846	7,050
Miscellaneous	10	-	10	32
Postage and Shipping	1,389	-	1,389	1,324
Professional Services	42,966	-	42,966	42,960
Salaries, Benefits, and Payroll Taxes	47,951	-	47,951	19,815
Subscriptions	576	-	576	239
Supplies	1,031	-	1,031	1,761
Telephone	841	-	841	1,096
	<u>\$ 107,561</u>	<u>\$ -</u>	<u>\$ 107,561</u>	<u>\$ 79,038</u>
Fund-Raising				
Cold War Gallery Campaign	\$ 70,444	\$ -	\$ 70,444	\$ 106,642
Direct Mail	93,154	-	93,154	21,012
Salaries, Benefits, and Payroll Taxes	85,034	-	85,034	101,028
	<u>\$ 248,632</u>	<u>\$ -</u>	<u>\$ 248,632</u>	<u>\$ 228,682</u>

Naval Historical Foundation

Schedule of Changes in Investments For the Year Ended December 31, 2011

	Cost	Unrealized Gain (Loss)	Fair Market Value
Beginning of Year	\$ 1,017,680	\$ 167,416	\$ 1,185,096
Interest and Dividends (A)	37,608	-	37,608
Realized Gain	9,850	-	9,850
Unrealized Loss	-	(48,932)	(48,932)
Investment Management Fees	(8,846)	-	(8,846)
End of Year	\$ 1,056,292	\$ 118,484	\$ 1,174,776

(A) Interest and Dividends - Accrual Basis	\$ 39,416
Less 2011 Checking Account Interest	(3,838)
Interest and Dividends from Investments - Accrual Basis	35,578
Add Accrued Interest at Beginning of Year	4,882
Less Accrued Interest at End of Year	(2,852)
Interest and Dividends from Investments - Cash Basis	\$ 37,608