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<th>Pages</th>
</tr>
</thead>
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<td>Statement of Activities</td>
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<td>17</td>
</tr>
</tbody>
</table>
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, 2015, 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.

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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, 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 17 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.

Bethesda, Maryland
Certified Public Accountants
April 25, 2016
NAVAL HISTORICAL FOUNDATION  

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$190,664</td>
<td>$314,146</td>
</tr>
<tr>
<td>Promises to Give</td>
<td>130,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>-</td>
<td>1,512</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>4,296</td>
<td>18,803</td>
</tr>
<tr>
<td>Store Inventory</td>
<td>72,005</td>
<td>71,615</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>396,965</td>
<td>531,076</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,040,452</td>
<td>1,244,911</td>
<td></td>
</tr>
<tr>
<td><strong>Promises to Give</strong></td>
<td>195,243</td>
<td>257,147</td>
</tr>
<tr>
<td><strong>Property and Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture, Fixtures, and Equipment</td>
<td>135,299</td>
<td>149,164</td>
</tr>
<tr>
<td>Less Accumulated Depreciation and Amortization</td>
<td>(102,685)</td>
<td>(97,817)</td>
</tr>
<tr>
<td><strong>Net Property and Equipment</strong></td>
<td>32,614</td>
<td>51,347</td>
</tr>
<tr>
<td><strong>Artifact Collection (Notes 2 and 10)</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,665,274</td>
<td>$2,084,481</td>
</tr>
</tbody>
</table>

| Liabilities and Net Assets  |          |          |
| Current Liabilities        |          |          |
| Accounts Payable and Accrued Expenses | $22,161 | $14,765 |
| Deferred Revenue            | -        | 22,981   |
| **Total Current Liabilities** | 22,161  | 37,746   |
| Net Assets                  |          |          |
| Unrestricted                | 1,274,068| 1,582,935|
| Temporarily Restricted      | 369,045  | 463,800  |
| **Total Net Assets**        | 1,643,113| 2,046,735|
| **Total Liabilities and Net Assets** | $1,665,274 | $2,084,481 |

See accompanying Notes to Financial Statements.
# Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Museum Store</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>$137,618</td>
<td>$</td>
<td>$137,618</td>
<td>$143,943</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>(69,428)</td>
<td></td>
<td>(69,428)</td>
<td>(84,282)</td>
</tr>
<tr>
<td><strong>Gross Profit (Loss)</strong></td>
<td>68,190</td>
<td></td>
<td>68,190</td>
<td>59,661</td>
</tr>
<tr>
<td><strong>Support and Other Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Donations</strong></td>
<td>340,565</td>
<td>92,505</td>
<td>433,070</td>
<td>935,253</td>
</tr>
<tr>
<td><strong>Facility Rental</strong></td>
<td>19,000</td>
<td></td>
<td>19,000</td>
<td>4,900</td>
</tr>
<tr>
<td><strong>Membership Dues</strong></td>
<td>32,788</td>
<td></td>
<td>32,788</td>
<td>36,070</td>
</tr>
<tr>
<td><strong>Royalties - Navy Book/Calendar/Store</strong></td>
<td>4,649</td>
<td></td>
<td>4,649</td>
<td>22,973</td>
</tr>
<tr>
<td><strong>Other Revenues</strong></td>
<td>11,264</td>
<td></td>
<td>11,264</td>
<td>5,686</td>
</tr>
<tr>
<td><strong>Net Assets Released from Restrictions</strong></td>
<td>187,260</td>
<td>(187,260)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Support and Other Revenues</strong></td>
<td>595,526</td>
<td>(94,755)</td>
<td>500,771</td>
<td>1,004,882</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>663,716</td>
<td>(94,755)</td>
<td>568,961</td>
<td>1,064,543</td>
</tr>
</tbody>
</table>

# Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Core Services</strong></td>
<td>637,856</td>
<td></td>
<td>637,856</td>
<td>401,420</td>
</tr>
<tr>
<td><strong>Project Services</strong></td>
<td>186,250</td>
<td></td>
<td>186,250</td>
<td>330,057</td>
</tr>
<tr>
<td><strong>Total Program Services</strong></td>
<td>824,106</td>
<td></td>
<td>824,106</td>
<td>731,477</td>
</tr>
<tr>
<td><strong>Supporting Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Office Administration and Management</strong></td>
<td>80,538</td>
<td></td>
<td>80,538</td>
<td>89,204</td>
</tr>
<tr>
<td><strong>Fundraising</strong></td>
<td>32,420</td>
<td></td>
<td>32,420</td>
<td>71,364</td>
</tr>
<tr>
<td><strong>Total Supporting Services</strong></td>
<td>112,958</td>
<td></td>
<td>112,958</td>
<td>160,568</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>937,064</td>
<td></td>
<td>937,064</td>
<td>892,045</td>
</tr>
<tr>
<td><strong>Net Income (Loss) from Operations</strong></td>
<td>(273,348)</td>
<td>(94,755)</td>
<td>(368,103)</td>
<td>172,498</td>
</tr>
</tbody>
</table>

# Investment Income

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest and Dividends</strong></td>
<td>28,546</td>
<td></td>
<td>28,546</td>
<td>48,526</td>
</tr>
<tr>
<td><strong>Net Investment Gain (Loss)</strong></td>
<td>(64,065)</td>
<td></td>
<td>(64,065)</td>
<td>(18,262)</td>
</tr>
<tr>
<td><strong>Total Investment Income</strong></td>
<td>(35,519)</td>
<td></td>
<td>(35,519)</td>
<td>30,264</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in Net Assets</strong></td>
<td>(308,867)</td>
<td>(94,755)</td>
<td>(403,622)</td>
<td>202,762</td>
</tr>
<tr>
<td><strong>Net Assets, Beginning of Year</strong></td>
<td>1,582,935</td>
<td>463,800</td>
<td>2,046,735</td>
<td>1,843,973</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$1,274,068</td>
<td>$369,045</td>
<td>$1,643,113</td>
<td>$2,046,735</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.

- 6 -
NAVAL HISTORICAL FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Operating</th>
<th>Benefits</th>
<th>Total Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Beginning of Year</td>
<td>$1,502,607</td>
<td>$80,328</td>
<td>$1,582,935</td>
<td>$463,800</td>
<td>$2,046,735</td>
<td>$1,843,973</td>
</tr>
<tr>
<td>Increase (Decrease) in Net Assets</td>
<td>(293,309)</td>
<td>(15,558)</td>
<td>(308,867)</td>
<td>(94,755)</td>
<td>(403,622)</td>
<td>202,762</td>
</tr>
<tr>
<td>Balance at End of Year</td>
<td>$1,209,298</td>
<td>$64,770</td>
<td>$1,274,068</td>
<td>$369,045</td>
<td>$1,643,113</td>
<td>$2,046,735</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
NAVAL HISTORICAL FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)  

See accompanying Notes to Financial Statements.
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, 2015.

*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, 2015.
2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 and booked at acquisition cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years. Depreciation and amortization expense for 2015 was $21,943.

**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, 2015.

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

   **Uncertainty in Income Taxes (Continued)**

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 2015.

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 2015.

The Foundation’s Forms 990, Return of Organization Exempt from Income Tax, that have been filed as of December 31, 2015, for the years 2014, 2013, and 2012, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**Reclassifications**

Certain 2014 amounts have been reclassified for comparative purposes.

**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, 2014, 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, 2015, bank deposits do not exceed the FDIC insurance limit.

4. **PROMISES TO GIVE**

Promises to give are due to be collected as follows:

<table>
<thead>
<tr>
<th>For the Years Ending December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 130,000</td>
</tr>
<tr>
<td>2017</td>
<td>127,500</td>
</tr>
<tr>
<td>2018</td>
<td>57,500</td>
</tr>
<tr>
<td>2019</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>335,000</td>
</tr>
</tbody>
</table>

Discounted at 5%  

| Present Value of Promises to Give          | (9,757) |

| Present Value of Promises to Give          | $ 325,243 |
5. **Investments and Fair Value Measurements**

As of December 31, 2015, the Foundation’s only assets or liabilities measured at fair value on a recurring basis consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Fair Value</th>
<th>Level 1 Inputs</th>
<th>Level 2 Inputs</th>
<th>Level 3 Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Mutual Fund</td>
<td>$40,539</td>
<td>$40,539</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual Funds - Equity</td>
<td>504,230</td>
<td>504,230</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual Funds - Fixed Income</td>
<td>495,683</td>
<td>495,683</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,040,452</strong></td>
<td><strong>$1,040,452</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

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.

Investment return as of December 31, 2015, consisted of the following:

- Interest and Dividends $28,546
- Net Realized and Unrealized Loss on Investments $(64,065)

**Total Investment Account Return** $(35,519)

6. **Temporarily Restricted Net Assets**

At December 31, 2015, the Foundation had net assets temporarily restricted for the following:

- Digital Outreach $161,622
- Restrictions Due to Time 205,242
- Science, Technology, Engineering, and Mathematics Outreach (S.T.E.M.) 2,181

**Total Temporarily Restricted Net Assets** $369,045

During 2015, temporarily restricted net assets were released from restrictions for the following:

- Cold War Gallery Project $21,654
- Digital Outreach 78,378
- Time Restriction 80,000
- Science, Technology, Engineering, and Mathematics Outreach (S.T.E.M.) 7,228

**Total Temporarily Released Net Assets** $187,260
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, 2015, was $11,271.

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.

9. **Operating Lease**

The Foundation leases a copier under a lease that expires in 2017. Rental expense for the year ended December 31, 2015, was $7,158.

Minimum future lease payments under the lease are as follows:

For the Years Ending December 31,

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$5,520</td>
</tr>
<tr>
<td>2017</td>
<td>4,140</td>
</tr>
<tr>
<td><strong>Total Minimum Future Lease Payments</strong></td>
<td><strong>$9,660</strong></td>
</tr>
</tbody>
</table>

10. **Artifact Collection**

The Foundation has catalogued approximately 4,000 documents and artifacts of historical interest, obtained as donations during the 90-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 $15,558 are included in Naval Historical Foundation program expenses on the statement of activities.
11. **Subsequent Events**

The Foundation has evaluated subsequent events through April 25, 2016, the date on which the financial statements were available to be issued.
SUPPLEMENTARY INFORMATION
<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
<th>Change</th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Sales</td>
<td>175,418</td>
<td>143,943</td>
<td>31,475</td>
<td>171,606</td>
<td>149,026</td>
<td>22,580</td>
</tr>
<tr>
<td>Support and Other Revenues</td>
<td>6,183</td>
<td>4,901</td>
<td>2,282</td>
<td>4,550</td>
<td>3,513</td>
<td>1,037</td>
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<tr>
<td>Operations</td>
<td>6,210</td>
<td>5,102</td>
<td>1,108</td>
<td>5,202</td>
<td>3,997</td>
<td>1,205</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(2,288)</td>
<td>(1,946)</td>
<td>(342)</td>
<td>(1,932)</td>
<td>(1,833)</td>
<td>(99)</td>
</tr>
<tr>
<td>Support and Other Revenues</td>
<td>3,922</td>
<td>3,131</td>
<td>791</td>
<td>3,440</td>
<td>3,171</td>
<td>269</td>
</tr>
<tr>
<td>Total Net Sales, Support, and Other</td>
<td>18,263</td>
<td>15,034</td>
<td>3,229</td>
<td>18,552</td>
<td>15,510</td>
<td>3,042</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>7,927</td>
<td>6,197</td>
<td>1,730</td>
<td>7,335</td>
<td>6,220</td>
<td>1,115</td>
</tr>
<tr>
<td>Advertising</td>
<td>238</td>
<td>238</td>
<td>0</td>
<td>238</td>
<td>238</td>
<td>0</td>
</tr>
<tr>
<td>Professional Services</td>
<td>4,191</td>
<td>4,191</td>
<td>0</td>
<td>4,191</td>
<td>4,191</td>
<td>0</td>
</tr>
<tr>
<td>Supplies</td>
<td>610</td>
<td>610</td>
<td>0</td>
<td>610</td>
<td>610</td>
<td>0</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>16,197</td>
<td>12,826</td>
<td>3,371</td>
<td>12,344</td>
<td>9,824</td>
<td>2,520</td>
</tr>
<tr>
<td>Operations</td>
<td>7,927</td>
<td>6,197</td>
<td>1,730</td>
<td>7,335</td>
<td>6,220</td>
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<td>3,371</td>
<td>12,344</td>
<td>9,824</td>
<td>2,520</td>
</tr>
</tbody>
</table>

**Notes:**
- The data represents the financial information for the NAVAL HISTORICAL FOUNDATION for the year ended December 31, 2015.
- The financial statements include income statements, balance sheets, and cash flow statements.
- The operations section highlights the changes in net sales, support, and other revenues, as well as operating expenses.
- The data also includes specific categories such as advertising, professional services, supplies, and total operating expenses.
- The net income from operations is presented for the year ended December 31, 2015.
<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>Unrealized Gain (Loss)</th>
<th>Fair Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of Year</td>
<td>$ 1,000,527</td>
<td>$ 244,384</td>
<td>$ 1,244,911</td>
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<tr>
<td>Interest and Dividends (A)</td>
<td>28,501</td>
<td>-</td>
<td>28,501</td>
</tr>
<tr>
<td>Stock Contributions</td>
<td>5,658</td>
<td>92</td>
<td>5,750</td>
</tr>
<tr>
<td>Realized Loss</td>
<td>(33,485)</td>
<td>-</td>
<td>(33,485)</td>
</tr>
<tr>
<td>Unrealized Loss</td>
<td>-</td>
<td>(30,580)</td>
<td>(30,580)</td>
</tr>
<tr>
<td>Investment Management Fees</td>
<td>(9,144)</td>
<td>-</td>
<td>(9,144)</td>
</tr>
<tr>
<td>Transfer to Savings</td>
<td>(165,501)</td>
<td>-</td>
<td>(165,501)</td>
</tr>
<tr>
<td><strong>End of Year</strong></td>
<td><strong>$ 826,556</strong></td>
<td><strong>$ 213,896</strong></td>
<td><strong>$ 1,040,452</strong></td>
</tr>
</tbody>
</table>

(A) Interest and Dividends - Accrual Basis $ 28,501

- Less 2015 Checking Account Interest (45)

- Interest and Dividends from Investments - Accrual Basis 28,456

- Add Accrued Interest at Beginning of Year 1,512

- Less Accrued Interest at End of Year -

**Interest and Dividends from Investments - Cash Basis** $ 29,968