



**NAVAL HISTORICAL FOUNDATION**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NAVAL HISTORICAL FOUNDATION

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DECEMBER 31, 2015

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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, 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.

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

Certified Public Accountants

Bethesda, Maryland  
April 25, 2016

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

	2015	2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 190,664	\$ 314,146
Promises to Give	130,000	125,000
Accrued Interest Receivable	-	1,512
Prepaid Expenses	4,296	18,803
Store Inventory	72,005	71,615
Total Current Assets	396,965	531,076
<b>Investments</b>	<b>1,040,452</b>	<b>1,244,911</b>
<b>Promises to Give</b>	<b>195,243</b>	<b>257,147</b>
<b>Property and Equipment</b>		
Furniture, Fixtures, and Equipment	135,299	149,164
Less Accumulated Depreciation and Amortization	(102,685)	(97,817)
Net Property and Equipment	32,614	51,347
<b>Artifact Collection (Notes 2 and 10)</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 1,665,274</b>	<b>\$ 2,084,481</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 22,161	\$ 14,765
Deferred Revenue	-	22,981
Total Current Liabilities	22,161	37,746
<b>Net Assets</b>		
Unrestricted	1,274,068	1,582,935
Temporarily Restricted	369,045	463,800
Total Net Assets	1,643,113	2,046,735
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,665,274</b>	<b>\$ 2,084,481</b>

*See accompanying Notes to Financial Statements.*

NAVAL HISTORICAL FOUNDATION

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
<b>Operating Revenues</b>				
Museum Store				
Sales	\$ 137,618	\$ -	\$ 137,618	\$ 143,943
Cost of Sales	<u>(69,428)</u>	<u>-</u>	<u>(69,428)</u>	<u>(84,282)</u>
Gross Profit (Loss)	68,190	-	68,190	59,661
Support and Other Revenues				
Donations	340,565	92,505	433,070	935,253
Facility Rental	19,000	-	19,000	4,900
Membership Dues	32,788	-	32,788	36,070
Royalties - Navy Book/Calendar/Store	4,649	-	4,649	22,973
Other Revenues	11,264	-	11,264	5,686
Net Assets Released from Restrictions	<u>187,260</u>	<u>(187,260)</u>	<u>-</u>	<u>-</u>
Total Support and Other Revenues	<u>595,526</u>	<u>(94,755)</u>	<u>500,771</u>	<u>1,004,882</u>
Total Operating Revenues	<u>663,716</u>	<u>(94,755)</u>	<u>568,961</u>	<u>1,064,543</u>
<b>Operating Expenses</b>				
Program Services				
Core Services	637,856	-	637,856	401,420
Project Services	<u>186,250</u>	<u>-</u>	<u>186,250</u>	<u>330,057</u>
Total Program Services	824,106	-	824,106	731,477
Supporting Services				
Office Administration and Management	80,538	-	80,538	89,204
Fundraising	<u>32,420</u>	<u>-</u>	<u>32,420</u>	<u>71,364</u>
Total Supporting Services	<u>112,958</u>	<u>-</u>	<u>112,958</u>	<u>160,568</u>
Total Operating Expenses	<u>937,064</u>	<u>-</u>	<u>937,064</u>	<u>892,045</u>
Net Income (Loss) from Operations	(273,348)	(94,755)	(368,103)	172,498
<b>Investment Income</b>				
Interest and Dividends	28,546	-	28,546	48,526
Net Investment Gain (Loss)	<u>(64,065)</u>	<u>-</u>	<u>(64,065)</u>	<u>(18,262)</u>
Total Investment Income	<u>(35,519)</u>	<u>-</u>	<u>(35,519)</u>	<u>30,264</u>
Changes in Net Assets	(308,867)	(94,755)	(403,622)	202,762
Net Assets, Beginning of Year	<u>1,582,935</u>	<u>463,800</u>	<u>2,046,735</u>	<u>1,843,973</u>
Net Assets, End of Year	<u>\$ 1,274,068</u>	<u>\$ 369,045</u>	<u>\$ 1,643,113</u>	<u>\$ 2,046,735</u>

See accompanying Notes to Financial Statements.

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)

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

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)

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
(Decrease) Increase in Net Assets	\$ (403,622)	\$ 202,762
Adjustments to Reconcile (Decrease) Increase in Net Assets to		
Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	21,943	23,878
Net Investment (Gain) Loss	64,065	18,262
<u>(Increase) Decrease in Assets</u>		
Promises to Give	56,904	(206,077)
Accrued Interest Receivable	1,512	226
Prepaid Expenses	14,507	3,199
Inventory	(390)	45,909
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	7,396	(5,854)
Deferred Revenue	(22,981)	-
Net Cash (Used in) Provided by Operating Activities	<u>(260,666)</u>	<u>82,305</u>
<b>Cash Flows from Investing Activities</b>		
Sales and Redemptions of Investments	1,348,448	32,962
Purchases of Investments	(1,208,054)	(48,661)
Purchase of Equipment	(3,210)	(1,108)
Net Cash Provided by (Used in) Investing Activities	<u>137,184</u>	<u>(16,807)</u>
Net (Decrease) Increase in Cash	(123,482)	65,498
Cash, Beginning of Year	<u>314,146</u>	<u>248,648</u>
<b>Cash, End of Year</b>	<u>\$ 190,664</u>	<u>\$ 314,146</u>

See accompanying Notes to Financial Statements.



# NAVAL HISTORICAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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### 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.

NAVAL HISTORICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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**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

NAVAL HISTORICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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**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:

For the Years Ending December 31,

2016	\$	130,000
2017		127,500
2018		57,500
2019		20,000
		<u>335,000</u>
Discounted at 5%		<u>(9,757)</u>
Present Value of Promises to Give	\$	<u><u>325,243</u></u>

**NAVAL HISTORICAL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Mutual Fund	\$ 40,539	\$ 40,539	\$ -	\$ -
Mutual Funds - Equity	504,230	504,230	-	-
Mutual Funds - Fixed Income	495,683	495,683	-	-
	\$ 1,040,452	\$ 1,040,452	\$ -	\$ -

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
	\$ 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
	\$ 187,260

NAVAL HISTORICAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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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, 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,

2016	\$	5,520
2017		<u>4,140</u>
Total Minimum Future Lease Payments	\$	<u><u>9,660</u></u>

**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.

**NAVAL HISTORICAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**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**

NAVAL HISTORICAL FOUNDATION

SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	Program Services															Supporting Services			2015 Total	2014 Total							
	Core Services								Project Services							Office Administration and Management	Fundraising	Total Supporting Services									
	Collection	Foundation Events	Museum Rentals	Museum Store	Museum Support	NHHC	Preservation, Education, and Commemoration	Total Core Services	Cold War Gallery	Collections Digitization	Digital Outreach	Oral History	RMS Publications	S.T.E.M.	Total Project Services						Total Program Services						
<b>Operating Revenues</b>																											
Sales	\$ -	\$ -	\$ -	\$ 137,618	\$ -	\$ -	\$ -	\$ 137,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,618	\$ -	\$ -	\$ -	\$ 137,618	\$ -	\$ -	\$ -	\$ 137,618	\$ 143,943	\$ 143,943	
Cost of Sales	-	-	-	(69,428)	-	-	-	(69,428)	-	-	-	-	-	-	-	(69,428)	-	-	-	(69,428)	-	-	-	(69,428)	(84,282)	(84,282)	
Gross Profit (Loss)	-	-	-	68,190	-	-	-	68,190	-	-	-	-	-	-	-	68,190	-	-	-	68,190	-	-	-	68,190	59,661	59,661	
Support and Other Revenues																											
Donations	-	18,105	-	-	52,731	700	260,085	331,621	-	50,000	-	1,090	40,650	9,409	101,149	432,770	-	300	300	433,070	-	300	300	433,070	935,253	935,253	
Facility Rental	-	-	19,000	-	-	-	-	19,000	-	-	-	-	-	-	-	19,000	-	-	-	19,000	-	-	-	19,000	4,900	4,900	
Membership Dues	-	-	-	-	-	-	32,788	32,788	-	-	-	-	-	-	-	32,788	-	-	-	32,788	-	-	-	32,788	36,070	36,070	
Royalties - Navy Book/Calendar/Store	-	-	-	-	-	-	4,649	4,649	-	-	-	-	-	-	-	4,649	-	-	-	4,649	-	-	-	4,649	22,973	22,973	
Other Revenues	8,783	-	-	-	-	2,481	11,264	11,264	-	-	-	-	-	-	-	11,264	-	-	-	11,264	-	-	-	11,264	5,686	5,686	
Total Support and Other Revenues	8,783	18,105	19,000	-	52,731	700	300,003	399,322	-	50,000	-	1,090	40,650	9,409	101,149	500,471	-	300	300	500,771	-	300	300	500,771	1,004,882	1,004,882	
Total Net Sales, Support, and Other Revenues	8,783	18,105	19,000	68,190	52,731	700	300,003	467,512	-	50,000	-	1,090	40,650	9,409	101,149	568,661	-	300	300	568,961	-	300	300	568,961	1,064,543	1,064,543	
<b>Operating Expenses</b>																											
Advertising	-	-	-	288	-	-	6,241	6,529	-	-	-	-	-	-	-	6,529	1,102	-	1,102	7,631	-	-	1,102	7,631	4,225	4,225	
Amortization	-	-	-	-	-	-	12,400	12,400	-	-	-	-	-	-	-	12,400	-	-	-	12,400	-	-	-	12,400	12,400	12,400	
Artifacts Collection Support	3,789	-	-	-	2,045	2,531	-	8,365	-	-	-	-	-	-	-	8,365	-	-	-	8,365	-	-	-	8,365	4,700	4,700	
Awards and Prizes	-	-	-	15	161	57	11,405	11,638	-	-	-	-	-	-	-	11,638	-	-	-	11,638	-	-	-	11,638	9,881	9,881	
Bank Service Charges	-	-	-	10,926	-	-	953	11,879	-	-	-	-	-	-	-	11,879	168	-	168	12,047	-	168	168	12,047	13,015	13,015	
Conferences and Meetings	-	24,162	2,847	535	3,962	-	14,350	45,856	-	-	-	-	-	-	-	45,856	2,911	-	2,911	48,767	-	2,911	48,767	32,562	32,562		
Contracted Services	-	-	-	923	20,540	3,550	29,865	54,878	5,557	39,585	-	754	38,618	3,660	88,174	143,052	-	15,523	158,575	158,575	-	15,523	158,575	125,283	125,283		
Depreciation	-	-	-	2,370	-	-	6,097	8,467	-	-	-	-	-	-	-	8,467	1,076	-	1,076	9,543	-	1,076	1,076	9,543	11,477	11,477	
Educational Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equipment Rental	-	-	-	-	-	-	6,912	6,912	-	-	-	-	-	-	-	6,912	246	-	246	7,158	-	246	246	7,158	7,893	7,893	
Event Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Facility Rental Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Historical Events	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Insurance	-	-	180	-	-	-	6,660	6,840	-	-	-	-	-	-	-	6,840	1,175	-	1,175	8,015	-	1,175	1,175	8,015	11,167	11,167	
Investment Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,632	-	10,632	10,632	-	10,632	10,632	10,632	10,497	10,497	
Miscellaneous	-	-	-	-	-	-	181	181	-	-	-	-	-	-	-	181	-	-	-	181	-	-	-	181	671	671	
Oral History	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll Service Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Photo Research and Reprints	-	-	-	35	-	-	-	35	-	-	-	-	-	-	-	35	-	-	-	35	-	-	-	35	2,877	2,877	
Postage and Shipping	479	-	-	5,052	227	27	7,402	13,187	-	-	-	-	-	-	-	13,187	1,306	-	1,306	14,493	-	1,306	1,306	14,493	14,281	14,281	
Printing	-	-	-	-	-	-	17,501	17,501	-	-	-	-	-	-	-	17,501	-	-	-	17,501	-	-	-	17,501	12,045	12,045	
Purchases and Restoration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Services	-	-	-	-	-	-	625	625	-	-	-	-	-	-	-	625	40,958	-	40,958	41,583	-	40,958	40,958	41,583	39,482	39,482	
Repairs and Maintenance	-	-	-	-	-	137	6,239	6,376	-	-	-	-	-	-	-	6,376	-	-	-	6,376	-	-	-	6,376	4,973	4,973	
Salaries, Benefits, and Payroll Taxes	8,699	-	-	48,955	2,423	-	302,890	362,967	16,097	-	77,893	-	-	-	93,990	456,957	16,475	16,722	33,197	490,154	-	16,722	33,197	490,154	526,713	526,713	
Storage	-	-	-	1,319	-	-	-	1,319	-	-	-	-	-	-	-	1,319	-	-	-	1,319	-	-	-	1,319	1,383	1,383	
Subscriptions and Membership	-	-	-	1,459	125	-	6,957	8,541	-	-	-	-	-	-	-	8,541	2,183	75	2,258	10,799	-	75	2,258	10,799	8,590	8,590	
Supplies	60	-	-	1,441	26,512	616	4,658	33,287	-	-	-	-	-	-	-	33,287	729	100	829	34,116	-	100	829	34,116	17,041	17,041	
Telephone and Internet	-	-	-	3,283	-	2,407	7,890	13,580	-	-	-	-	-	-	-	13,580	1,577	-	1,577	15,157	-	1,577	1,577	15,157	13,025	13,025	
Travel	-	1,033	-	336	-	2,030	3,094	6,493	-	-	485	33	-	3,568	4,086	10,579	-	-	-	10,579	-	-	-	10,579	7,864	7,864	
Total Operating Expenses	13,027	25,195	3,027	76,937	55,995	11,355	452,320	637,856	21,654	39,585	78,378	787	38,618	7,228	186,250	824,106	80,538	32,420	112,958	937,064	80,538	32,420	112,958	937,064	892,045	892,045	
<b>Net Income (Loss) from Operations</b>	\$ (4,244)	\$ (7,090)	\$ 15,973	\$ (8,747)	\$ (3,264)	\$ (10,655)	\$ (152,317)	\$ (170,344)	\$ (21,654)	\$ 10,415	\$ (78,378)	\$ 303	\$ 2,032	\$ 2,181	\$ (85,101)	\$ (255,445)	\$ (80,538)	\$ (32,120)	\$ (112,658)	\$ (368,103)	\$ (80,538)	\$ (32,120)	\$ (112,658)	\$ (368,103)	\$ 172,498	\$ 172,498	



NAVAL HISTORICAL FOUNDATION

SCHEDULE OF CHANGES IN INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
Beginning of Year	\$ 1,000,527	\$ 244,384	\$ 1,244,911
Interest and Dividends (A)	28,501	-	28,501
Stock Contributions	5,658	92	5,750
Realized Loss	(33,485)	-	(33,485)
Unrealized Loss	-	(30,580)	(30,580)
Investment Management Fees	(9,144)	-	(9,144)
Transfer to Savings	<u>(165,501)</u>	<u>-</u>	<u>(165,501)</u>
<b>End of Year</b>	<b><u><u>\$ 826,556</u></u></b>	<b><u><u>\$ 213,896</u></u></b>	<b><u><u>\$ 1,040,452</u></u></b>
(A) Interest and Dividends - Accrual Basis			\$ 28,501
Less 2015 Checking Account Interest			<u>(45)</u>
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			<u>-</u>
<b>Interest and Dividends from Investments - Cash Basis</b>			<b><u><u>\$ 29,968</u></u></b>