

**NAVAL HISTORICAL FOUNDATION**

**WASHINGTON, D.C.**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2013**



## **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, 2013, and the related statements of activities and 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 auditor's 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 auditor considers 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.

Board of Directors  
Naval Historical Foundation

***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, 2013, 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 the 2012 financial statements of Naval Historical Foundation and our report dated April 9, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented as of and for the year December 31, 2012, is consistent, in all material respects with the 2012 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 12 through 15 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 17, 2014

Certified Public Accountants

**Naval Historical Foundation**  
**Statement of Financial Position**  
**December 31, 2013**  
**(With Comparative Totals as of December 31, 2012)**

	2013	2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 248,648	\$ 535,092
Promises to Give	102,500	190,000
Accounts Receivable	-	625
Accrued Interest Receivable	1,738	2,183
Prepaid Expenses	22,002	29,602
Store Inventory	117,524	74,530
Total Current Assets	492,412	832,032
<b>Investments</b>	1,247,474	1,317,089
<b>Promises to Give</b>	73,570	128,570
<b>Property and Equipment</b>		
Furniture, Fixtures, and Equipment	148,056	124,352
Less Accumulated Depreciation and Amortization	(73,939)	(50,106)
Net Property and Equipment	74,117	74,246
<b>Artifact Collection (Notes 2 and 10)</b>	-	-
<b>Total Assets</b>	\$ 1,887,573	\$ 2,351,937
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 20,619	\$ 16,523
Deferred Revenue	22,981	40,146
Total Current Liabilities	43,600	56,669
<b>Net Assets</b>		
Unrestricted	1,541,621	1,659,749
Temporarily Restricted	302,352	635,519
Total Net Assets	1,843,973	2,295,268
<b>Total Liabilities and Net Assets</b>	\$ 1,887,573	\$ 2,351,937

*See accompanying Notes to Financial Statements.*

**Naval Historical Foundation**

**Statement of Activities  
For the Year Ended December 31, 2013  
(With Comparative Totals for the Year Ended December 31, 2012)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>Operating Revenues</b>				
Historical Services and Museum Store				
Sales	\$ 204,561	\$ -	\$ 204,561	\$ 240,421
Cost of Sales - Museum Store	<u>85,016</u>	<u>-</u>	<u>85,016</u>	<u>81,599</u>
Gross Profit (Loss)	119,545	-	119,545	158,822
Operating Expenses	<u>140,043</u>	<u>-</u>	<u>140,043</u>	<u>144,620</u>
Net Income (Loss)	<u>(20,498)</u>	<u>-</u>	<u>(20,498)</u>	<u>14,202</u>
Support and Other Revenues				
Donations	209,587	3,700	213,287	471,415
Facility Rental	7,000	-	7,000	3,000
Membership Dues	50,642	-	50,642	26,299
Royalties - Navy Book/Calendar/Store	6,043	-	6,043	3,343
Other Revenues	1,100	-	1,100	197
Net Assets Released from Restrictions	<u>336,867</u>	<u>(336,867)</u>	<u>-</u>	<u>-</u>
Total Support and Other Revenues	<u>611,239</u>	<u>(333,167)</u>	<u>278,072</u>	<u>504,254</u>
Total Operating Revenues	<u>590,741</u>	<u>(333,167)</u>	<u>257,574</u>	<u>518,456</u>
<b>Operating Expenses</b>				
Program Expenses				
Naval Historical Foundation	364,104	-	364,104	263,297
Museum Support	274,047	-	274,047	870,664
Naval History and Heritage				
Command Support	<u>9,381</u>	<u>-</u>	<u>9,381</u>	<u>21,332</u>
Total Program Expenses	647,532	-	647,532	1,155,293
Office Administration and Management	93,334	-	93,334	116,435
Fund-Raising	<u>105,370</u>	<u>-</u>	<u>105,370</u>	<u>76,713</u>
Total Operating Expenses	<u>846,236</u>	<u>-</u>	<u>846,236</u>	<u>1,348,441</u>
Excess of Operating Expenses over Operating Revenues	(255,495)	(333,167)	(588,662)	(829,985)
<b>Investment Income</b>				
Interest and Dividends	37,062	-	37,062	48,320
Net Investment Gain (Loss)	98,257	-	98,257	105,813
Other Revenue - Sales of Artifacts	<u>2,048</u>	<u>-</u>	<u>2,048</u>	<u>4,144</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ (118,128)</u>	<u>\$ (333,167)</u>	<u>\$ (451,295)</u>	<u>\$ (671,708)</u>

*See accompanying Notes to Financial Statements.*

Naval Historical Foundation

Statement of Changes in Net Assets  
 For the Year Ended December 31, 2013  
 (With Comparative Totals for the Year Ended December 31, 2012)

	<u>Unrestricted</u>					
	<u>Operating</u>	<u>Board Designated Artifact Collection Support</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
Balance at Beginning of Year	\$ 1,569,674	\$ 90,075	\$ 1,659,749	\$ 635,519	\$ 2,295,268	\$ 2,966,976
Decrease in Net Assets	<u>(114,853)</u>	<u>(3,275)</u>	<u>(118,128)</u>	<u>(333,167)</u>	<u>(451,295)</u>	<u>(671,708)</u>
<b>Balance at End of Year</b>	<u><u>\$ 1,454,821</u></u>	<u><u>\$ 86,800</u></u>	<u><u>\$ 1,541,621</u></u>	<u><u>\$ 302,352</u></u>	<u><u>\$ 1,843,973</u></u>	<u><u>\$ 2,295,268</u></u>

See accompanying Notes to Financial Statements.

**Naval Historical Foundation**

**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**  
**(With Comparative Totals for the Year Ended December 31, 2012)**

	<b>2013</b>	<b>2012</b>
<b>Cash Flows from Operating Activities</b>		
Decrease in Net Assets	\$ (451,295)	\$ (671,708)
Adjustments to Reconcile Decrease in Net Assets to		
Net Cash Used in Operating Activities		
Depreciation and Amortization	24,048	18,433
Net Investment Gain	(98,257)	(105,813)
<u>(Increase) Decrease in Assets</u>		
Promises to Give	142,500	411,095
Accounts Receivable	625	7,401
Accrued Interest Receivable	445	669
Prepaid Expenses	7,600	(22,891)
Inventory	(42,994)	(37,402)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	4,096	(2,594)
Deferred Revenue	(17,165)	(11,531)
	<b>(430,397)</b>	<b>(414,341)</b>
<b>Cash Flows from Investing Activities</b>		
Sales and Redemptions of Investments	205,148	683,632
Purchases of Investments	(37,276)	(720,132)
Purchase of Equipment	(23,919)	(10,769)
	<b>143,953</b>	<b>(47,269)</b>
Net Cash Provided by (Used in) Investing Activities		
	<b>(286,444)</b>	<b>(461,610)</b>
Net Decrease in Cash		
Cash at Beginning of Year	<b>535,092</b>	<b>996,702</b>
<b>Cash at End of Year</b>	<b>\$ 248,648</b>	<b>\$ 535,092</b>

*See accompanying Notes to Financial Statements.*

## **Naval Historical Foundation**

### **Notes to Financial Statements December 31, 2013**

#### **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, 2013.

##### **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, 2013**

**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, 2013.

**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 2013 was \$24,048.

**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, 2013.

**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, 2013

#### 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 2013.

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 2013.

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, that have been filed as of December 31, 2013, for fiscal years 2012, 2011, and 2010 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, 2012, 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, 2013, bank deposits do not exceed the FDIC insurance limit.

**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2013**

**4. PROMISES TO GIVE**

Promises to give are due to be collected as follows:

For the Years Ending December 31,

2014	\$ 102,500
2015	47,500
2016	27,500
2017	10,000
	187,500
Discounted at 5%	(11,430)
Present Value of Promises to Give	\$ 176,070

**5. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

As of December 31, 2013, the Foundation's only assets or liabilities measured at fair value on a recurring basis consisted of the following:

	Fair Value	Level 1 Inputs
Money Market	\$ 14,137	\$ 14,137
Equities	496,928	496,928
Mutual Funds - Specialty	59,493	59,493
Mutual Funds - Equities	149,362	149,362
Mutual Funds - Fixed Income	527,554	527,554
	\$ 1,247,474	\$ 1,247,474

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, 2013**

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

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

Investment Account return consisted of the following:

Interest and Dividends	\$ 37,062
Net Realized and Unrealized Gain on Investments	<u>98,257</u>
Total Investment Account return	<u><u>\$ 135,319</u></u>

**6. TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2013, the Foundation had net assets temporarily restricted for the following purposes:

Cold War Gallery Project	\$ 302,352
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During 2013, temporarily restricted net assets were released from restrictions for the following purpose restrictions:

Cold War Gallery Project	\$ 265,415
Development Director	<u>71,452</u>
	<u><u>\$ 336,867</u></u>

**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, 2013, was \$17,463.

**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. 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. In February 2012, the Navy extended the license for another five-year period, ending in January 2017.

**Naval Historical Foundation**

**Notes to Financial Statements  
December 31, 2013**

**9. OPERATING LEASE**

The Foundation leases a copier under a lease that expires in 2017. Rental expense for the year ended December 31, 2013, was \$5,520.

Minimum future lease payments under the lease are as follows:

For the Years Ending December 31,

2014	\$ 5,520
2015	5,520
2016	5,520
2017	4,140
	<hr/>
Total Minimum Future Lease Payments	<u><u>\$ 20,700</u></u>

**10. ARTIFACT COLLECTION**

The Foundation has catalogued approximately 4,000 documents and artifacts of historical interest, obtained as donations during the 88-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 \$3,275 are included in Naval Historical Foundation program expenses on the statement of activities.

**11. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through April 17, 2014, 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, 2013  
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>Unrestricted</u>			
		<b>Board Designated Artifact Collection</b>	<b>Total</b>	<b>Total</b>
	<u>Operating</u>	<u>Support</u>	<u>2013</u>	<u>2012</u>
<b>Historical Services Operating Expenses</b>				
Bank Service Charges	\$ 5,609	\$ -	\$ 5,609	\$ 3,763
Depreciation	-	-	-	376
Photo Reprints	5,100	-	5,100	23,619
Postage and Shipping	1,387	-	1,387	7,535
Salaries, Benefits, and Payroll Taxes	29,693	-	29,693	13,452
Supplies	967	-	967	2,059
<b>Total Historical Services Operating Expenses</b>	<b>42,756</b>	<b>-</b>	<b>42,756</b>	<b>50,804</b>
<b>Museum Store Operating Expenses</b>				
Bank Service Charges	7,899	-	7,899	7,241
Consultant	-	-	-	1,017
Depreciation	4,672	-	4,672	2,541
Equipment	266	-	266	-
Photo Research	1,111	-	1,111	92
Postage and Shipping	7,392	-	7,392	2,140
Salaries, Benefits, and Payroll Taxes	60,311	-	60,311	68,711
Subscriptions	1,697	-	1,697	1,761
Supplies	10,847	-	10,847	8,010
Telephone	3,092	-	3,092	2,303
<b>Total Museum Store Operating Expenses</b>	<b>97,287</b>	<b>-</b>	<b>97,287</b>	<b>93,816</b>
<b>Total Historical Services and Museum Store Operating Expenses</b>	<b>\$ 140,043</b>	<b>\$ -</b>	<b>\$ 140,043</b>	<b>\$ 144,620</b>

**Combining Schedule of Expenses**  
**For the Year Ended December 31, 2013**  
**(With Comparative Totals for the Year Ended December 31, 2012)**

	<u>Unrestricted</u>			
	<u>Operating</u>	<u>Board Designated Artifact Collection Support</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>Naval Historical Foundation</b>				
Advertising	\$ 5,955	\$ -	\$ 5,955	\$ 15,083
Amortization	12,400	-	12,400	9,300
Artifact Collection Support	-	2,325	2,325	-
Awards	6,841	-	6,841	4,827
Bank Service Charges	447	-	447	2,214
Conferences	1,099	-	1,099	2,984
Consultants	22,841	-	22,841	37,096
Depreciation	5,930	-	5,930	5,284
Equipment	9,558	-	9,558	9,061
Facility Rental Expenses	4,798	-	4,798	1,977
Historical Events	13,916	-	13,916	26,249
Insurance	4,731	-	4,731	8,865
Internet	1,557	-	1,557	172
Miscellaneous	171	-	171	1,337
Oral History	4,827	-	4,827	11,883
Postage and Shipping	7,334	-	7,334	14,794
Printing	27,825	-	27,825	15,186
Salaries, Benefits, and Payroll Taxes	213,473	-	213,473	81,353
Subscriptions	4,006	-	4,006	2,311
Supplies	4,129	-	4,129	3,003
Telephone	7,231	-	7,231	6,290
Travel	2,710	-	2,710	4,028
<b>Total Naval Historical Foundation</b>	<b>\$ 361,779</b>	<b>\$ 2,325</b>	<b>\$ 364,104</b>	<b>\$ 263,297</b>
<b>Museum Support</b>				
Cold War Gallery Exhibit	\$ 42,459	\$ -	\$ 42,459	\$ 472,240
Cold War Gallery Education	42,460	-	42,460	93,988
Cold War Gallery Website	2,000	-	2,000	20,250
Navy Museum	8,522	-	8,522	8,238
Salaries, Benefits, and Payroll Taxes	178,606	-	178,606	275,948
<b>Total Museum Support</b>	<b>\$ 274,047</b>	<b>\$ -</b>	<b>\$ 274,047</b>	<b>\$ 870,664</b>



**Combining Schedule of Expenses**  
**For the Year Ended December 31, 2013**  
**(With Comparative Totals for the Year Ended December 31, 2012)**

	<u>Unrestricted</u>			
	<u>Operating</u>	<u>Board Designated Artifact Collection Support</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>Naval History and Heritage</b>				
<b>Command Support</b>				
Art Gallery	\$ 42	\$ -	\$ 42	\$ -
Consultants	-	-	-	180
Contemporary History	-	-	-	254
Curator	-	950	950	4,362
Commemorations	-	-	-	6,875
Equipment	178	-	178	-
Events	3,389	-	3,389	6,029
Library	878	-	878	746
Awards	-	-	-	-
Operational Archives	118	-	118	-
Salaries, Benefits, and Payroll Taxes	-	-	-	-
Senior Historian	-	-	-	-
Telephone	1,418	-	1,418	-
Travel	2,408	-	2,408	2,886
<b>Total Naval History and Heritage Command Support</b>	<b><u>\$ 8,431</u></b>	<b><u>\$ 950</u></b>	<b><u>\$ 9,381</u></b>	<b><u>\$ 21,332</u></b>
<b>Office Administration and Management</b>				
Advertising	\$ 1,051	\$ -	\$ 1,051	\$ 2,112
Bank Service Charges	31	-	31	27
Depreciation	1,046	-	1,046	932
Equipment	2,543	-	2,543	1,599
Insurance	835	-	835	1,564
Internet	-	-	-	18
Investment Fees	11,095	-	11,095	11,202
Miscellaneous	-	-	-	57
Postage and Shipping	1,178	-	1,178	2,552
Professional Services	37,697	-	37,697	34,291
Salaries, Benefits, and Payroll Taxes	34,321	-	34,321	60,045
Subscriptions	950	-	950	408
Supplies	702	-	702	542
Telephone	1,885	-	1,885	1,086
<b>Total Office Administration and Management</b>	<b><u>\$ 93,334</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 93,334</u></b>	<b><u>\$ 116,435</u></b>
<b>Fund-Raising</b>				
Cold War Gallery Campaign	\$ 11,835	\$ -	\$ 11,835	\$ 14,084
Salaries, Benefits, and Payroll Taxes	93,535	-	93,535	62,629
<b>Total Fund-Raising</b>	<b><u>\$ 105,370</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 105,370</u></b>	<b><u>\$ 76,713</u></b>

**Naval Historical Foundation**

**Schedule of Changes in Investments  
For the Year Ended December 31, 2013**

	Cost	Unrealized Gain (Loss)	Fair Market Value
Beginning of Year	\$ 1,127,633	\$ 189,456	\$ 1,317,089
Interest and Dividends (A)	37,276	-	37,276
Stock Contributions	5,947	-	5,947
Realized Gain	24,350	-	24,350
Unrealized Gain	-	73,907	73,907
Investment Management Fees	(11,095)	-	(11,095)
Transfer to Savings	(200,000)	-	(200,000)
<b>End of Year</b>	<b>\$ 984,111</b>	<b>\$ 263,363</b>	<b>\$ 1,247,474</b>

(A) Interest and Dividends - Accrual Basis		\$ 37,062
Less 2012 Checking Account Interest		(231)
Interest and Dividends from Investments - Accrual Basis		36,831
Add Accrued Interest at Beginning of Year		2,183
Less Accrued Interest at End of Year		(1,738)
<b>Interest and Dividends from Investments - Cash Basis</b>		<b>\$ 37,276</b>