

**MUSEUM OF AVIATION
AT ROBINS AIR FORCE BASE,
GEORGIA FOUNDATION, INC.**

AUDIT REPORT

SEPTEMBER 30, 2014

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board Members

Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.
Warner Robins, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc. as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

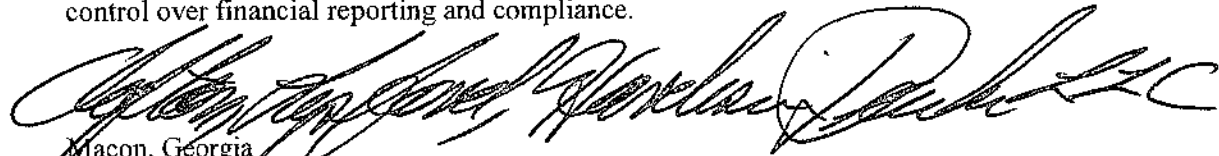
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and schedule of receipts and disbursements – STARBASE are presented for 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, on our consideration of Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s internal control over financial reporting and compliance.



Macon, Georgia
September 16, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

The management of the Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc. offers readers of our financial statements the following narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2014. We encourage the readers to consider this information in conjunction with the Foundation's financial statements, which follows:

2014 Financial Highlights

- Revenue and support decreased 5%, or approximately \$164,031, from fiscal year 2013. Special events and education increased and sales decreased.
- Expenses were 5%, or approximately \$154,538, less in fiscal year 2014 than in fiscal year 2013.
- The Foundation's net assets increased 8%, or approximately \$140,273, from fiscal year 2013.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Foundation's financial activities.

The Basic Financial Statements consist of a statement of financial position, statement of activities and a statement of cash flows. These provide information about the activities of the Foundation as a whole and present an overall view of the Foundation's finances.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Reporting the Foundation's Financial Activities

The Statement of Financial Position

The Statement of Financial Position presents the assets, liabilities and net assets of the Foundation as a whole at the end of the fiscal year. The Statement of Financial Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the Foundation to the readers of the financial statements. The Statement of Financial Position includes year-end information concerning current and non-current assets, current and noncurrent liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the Foundation's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the Foundation owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
(CONTINUED)

Financial Position

	<u>September 30</u>	
	<u>2014</u>	<u>2013</u>
Assets		
Current and other assets	\$ 694,731	\$ 560,176
Restricted assets	5,558	2,416
Property and equipment, net	344,194	312,908
Other assets	<u>227,065</u>	<u>243,403</u>
Total assets	<u>1,271,548</u>	<u>1,118,903</u>
Liabilities		
Current and other liabilities	936,703	814,331
Noncurrent liabilities	<u>1,949,721</u>	<u>2,059,721</u>
Total liabilities	<u>2,886,424</u>	<u>2,874,052</u>
Net assets		
Temporarily restricted	5,558	2,416
Unrestricted	<u>(1,620,434)</u>	<u>(1,757,565)</u>
Total net position	<u>\$ (1,614,876)</u>	<u>\$ (1,755,149)</u>

Comparison of Net Assets

Unrestricted net assets reflect a deficit balance due to the Foundation's policy to complete capital projects and gift them to the United States Air Force (USAF).

The following is a summary of the buildings and exhibits at the museum for which title was transferred to the USAF. These assets are not reflected in the Foundation's financial statements but are maintained by the Foundation.

Eagle building construction (1992)	\$ 2,504,000
Eagle building major exhibits	220,000
Century of Flight construction (1995)	1,317,745
GA Aviation Hall of Fame Mezzanines (2008)	708,000
Century of Flight major exhibits	1,600,726
Scott WWII Hangar construction	4,275,900
Scott WWII Hangar major exhibits	<u>885,000</u>
	<u>\$ 11,511,371</u>

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
(CONTINUED)

Statement of Activities

Changes in total net assets presented in the Statement of Financial Position are based on the activity presented in the Statement of Activities. The purpose of the statement is to present the revenues earned by the Foundation and the expenses incurred by the Foundation, and any other revenues, expenses, gains and losses received or spent by the Foundation.

Operating revenues are received from contributions, grants, special events and gift shop and snack bar sales. Operating expenses are those expenses paid to operate the museum, maintain the exhibits and sponsor the special events.

Change in Net Assets

	Year ended September 30,	
	2014	2013
Revenue and Support:		
Contributions and services	\$ 1,147,837	\$ 941,808
Grant income	143,025	377,803
Sales	364,879	425,877
Special events	624,485	845,248
Contributions in-kind	112,200	112,200
Education	359,426	281,002
City of Warner Robins hotel/motel tax	274,891	269,001
Interest and dividends	78	15
Net assets released from restrictions	67,304	5,202
Total revenue and support	3,094,125	3,258,156
Expenses:		
Program services	2,118,169	2,338,318
Supporting services	529,762	458,891
Fundraising	209,748	209,748
Total expenses	2,857,679	3,006,957
Increase (decrease) in unrestricted net before STARBASE deduction	236,446	251,199
(Increase) decrease in STARBASE net assets	(99,315)	(81,193)
Increase (decrease) in unrestricted net assets	137,131	170,006
Temporarily restricted net assets:		
Contributions	70,446	5,170
Net assets released from restriction	(67,304)	(5,202)
Increase (decrease) in temporarily restricted net assets	3,142	(32)
Increase (decrease) in total net assets	140,273	169,974
Net assets (deficit) - beginning of year	(1,755,149)	(1,925,123)
Net assets (deficit) - end of year	\$ (1,614,876)	\$ (1,755,149)

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
(CONTINUED)

The statement of activities reflects a positive year, with an increase in net assets at the end of the fiscal year.

In fiscal year 2014, revenues and support increase approximately \$164,031 (5%). Total expenses decrease approximately \$154,538 (5%).

Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping users assess the Foundation's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, investing and financing activities.

Cash Flows

	<u>Year ended September 30,</u>	
	<u>2014</u>	<u>2013</u>
Cash provided (used) by:		
Operating activities	\$ 266,135	\$ 56,227
Investing activities	(47,374)	(16,383)
Financing activities	<u>(110,000)</u>	<u>-</u>
Net increase (decrease) in cash	108,761	39,844
Cash beginning of year	<u>425,995</u>	<u>386,151</u>
Cash end of year	<u>\$ 534,756</u>	<u>\$ 425,995</u>

Cash provided by operating activities includes contributions, grants, special events and gift shop and snack bar sales. Cash used by investing activities includes purchases of property and equipment. Cash used by financing activities includes principal and interest payments on debt.

Property and Equipment

As of September 30, 2014, the Foundation had approximately \$344,194 invested in property and equipment, net of accumulated depreciation of \$293,428. Depreciation expense totaled \$16,088 for fiscal year 2014.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
(CONTINUED)

Details of property and equipment are shown below:

	<u>2014</u>	<u>2013</u>
Land	\$ 275,433	\$ 275,433
Machinery and equipment	362,189	314,815
Accumulated depreciation	<u>(293,428)</u>	<u>(277,340)</u>
Total net property and equipment	<u>\$ 344,194</u>	<u>\$ 312,908</u>

More detailed information about the Foundation's property and equipment is presented in Note 5 of the financial statements.

Long Term Debt

As of September 30, 2014, the Foundation had \$2,049,721 in debt outstanding, a decrease of \$110,000 from September 30, 2013.

More detailed information about the Foundation's outstanding debt is presented in Note 6 of the financial statements.

Economic Factors

The Foundation improved its financial position during the current fiscal year by reducing our capital debt on the Scott World War II building by \$110,000.

- We're in our fourth year of the seven year Gear Up grant program conducted in partnership with the Bibb County School System. This program has been very successful, and at the end of the seventh year will provide a benchmark that will identify which non-traditional, non-standard programs have a significant impact on students, and which do not.
- More than 52,000 students participated in hands-on education programs, concentrating primarily on STEM initiatives, but also including history-based programs as well. We've expanded our STEM Statewide Teacher of the Year program to include both Elementary and Middle School STEM teachers.
- The Museum has acquired an iconic WWII B-17 heavy Bomber, an aircraft that has been on our wish list for over 30 years. The Foundation was able to fund the transport of this aircraft from Central Indiana to the Museum of Aviation, a cost of \$70,000.
- The Foundation added a Planned Giving/Grant Writing position to our manning document. Results will be long-term income for the Foundation to support future operations and capital expansions.
- Several fundraising activities have been added to the Foundations calendar, including the family-friendly Winter Wonderfest, a month long Dinner Theater Murder Mystery, and the "Nevermore Hills" haunted house and trail (leading up to Halloween). All of these

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
(CONTINUED)

have been well received successful fundraisers that promise increased revenue in coming years.

Due to these new events, the additional fund-raising position identified above, and a reduction in manpower in non-fundraising positions we anticipate an increase in Foundation overall assets during the next fiscal year. We also anticipate increased revenues from our established fund-raising events – which has been borne out in events already conducted in FY2015.

Requests for Information

This financial report is designed to provide our donors, customers and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Mr. Patrick Bartness, President/Chief Operating Officer, P.O. Box 2469, Warner Robins, Georgia 31099.

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FINANCIAL STATEMENTS

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2014

ASSETS

Current Assets:

Cash and cash equivalents	\$ 529,198
Restricted assets:	
Cash and cash equivalents	5,558
Accounts receivable	21,090
Grants receivable	8,473
Unconditional promises to give, net of allowance	68,225
Inventory	<u>67,745</u>
Total Current Assets	<u>700,289</u>

Property and Equipment:

Land	275,433
Furniture and equipment	362,189
Less: accumulated depreciation	<u>(293,428)</u>
Net Property and Equipment	<u>344,194</u>

Other Assets:

Other assets	49,495
Deposits	80
Unconditional promises to give, net of allowance	<u>177,490</u>
Total Other Assets	<u>227,065</u>

Total Assets	<u>\$ 1,271,548</u>
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The accompanying notes are an integral part of these financial statements.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2014
(CONTINUED)

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	\$ 58,837
Credit cards payable	50,562
Salaries payable	60,282
Payroll liabilities	2,722
Accrued vacation	141,457
Other liabilities	8,355
Deferred revenue	2,420
Due to STARBASE	512,068
Note payable - short term portion	<u>120,000</u>

Total Current Liabilities 956,703

Long-Term Liabilities:

Note payable - long term portion	<u>1,929,721</u>
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Total Liabilities 2,886,424

Net Assets:

Unrestricted	(1,620,434)
Temporarily restricted	<u>5,558</u>

Total Net Assets (Deficit) (1,614,876)

Total Liabilities and Net Assets \$ 1,271,548

The accompanying notes are an integral part of these financial statements.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Unrestricted Net Assets:

Revenue and Support:

Contributions and services	\$ 1,147,836
Grant income	143,025
Sales	364,879
Special events	624,485
Interest and dividends	78
Contributions in-kind	112,200
Education	359,426
City of Warner Robins hotel/motel tax	274,891
Net assets released from restrictions	
Satisfaction of purpose restrictions	<u>67,304</u>

Total Revenue and Support 3,094,124

Expenses:

Program services	2,118,168
Supporting services	529,762
Fundraising	<u>209,748</u>

Total Expenses 2,857,678

Increase (decrease) in unrestricted net assets before STARBASE deduction 236,446

(Increase) decrease in STARBASE net assets (99,315)

Increase (decrease) in unrestricted net assets 137,131

Temporarily Restricted Net Assets:

Contributions	70,446
Net assets released from restrictions	<u>(67,304)</u>

Increase (decrease) in temporarily restricted net assets 3,142

Increase (decrease) in total net assets 140,273

Net assets - beginning of year (1,755,149)

Net assets (deficit) - end of year \$ (1,614,876)

The accompanying notes are an integral part of these financial statements.

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MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Cash Flows from Operating Activities:

Revenue and Support Received	
Unrestricted Revenue and Support	\$ 3,002,157
Temporarily Restricted Revenue and Support	70,446
Interest and dividends received	78
Cash Paid for:	
Salaries and Benefits	(1,718,130)
Operating Expenses	<u>(1,088,416)</u>
 Net Cash Provided by (Used for) Operating Activities	 <u>266,135</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	<u>(47,374)</u>
 Net Cash Provided by (Used for) Investing Activities	 <u>(47,374)</u>

Cash Flows from Financing Activities:

Payments on note payable	<u>(110,000)</u>
 Net Cash Provided by (Used for) Financing Activities	 <u>(110,000)</u>

Net Increase (Decrease) in Cash and Equivalents	108,761
 Cash and Equivalents - Beginning of Year	 <u>425,995</u>
 Cash and Equivalents - End of Year	 <u><u>\$ 534,756</u></u>

Classified as:

Cash and cash equivalents	\$ 529,198
Restricted cash	<u>5,558</u>
	<u><u>\$ 534,756</u></u>

The accompanying notes are an integral part of these financial statements.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

Reconciliation of Increase (Decrease) in Net Assets to
Net Cash Provided by (Used for) Operating Activities:

Increase (Decrease) in Net Assets	<u>\$ 140,273</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation	16,088
(Increase) decrease in accounts receivable	3,923
(Increase) decrease in grants receivable	(8,473)
(Increase) decrease in promises to give	(13,750)
(Increase) decrease in inventory	(1,688)
(Increase) decrease in other assets	7,390
Increase (decrease) in accounts payable	603
Increase (decrease) in credit cards payable	12,582
Increase (decrease) in salaries payable	10,084
Increase (decrease) in accrued vacation	9,730
Increase (decrease) in payroll liabilities	(1,561)
Increase (decrease) in other liabilities	(2,096)
Increase (decrease) in deferred revenue	(6,285)
Increase (decrease) in due to other agencies	<u>99,315</u>
Total Adjustments	<u>125,862</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 266,135</u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc. (Foundation) is a nonprofit organization organized under the laws of the State of Georgia. The Foundation was formed to assist in raising funds for the construction, operation, and maintenance of the Museum of Aviation at Robins Air Force Base. The Foundation presently operates a gift shop and snack bar at the Museum. The original goal of the Heritage of Eagles Campaign was to raise approximately \$5,000,000 over a five-year period for the construction of facilities. During 1993 the Foundation began the 21st Century Capital Campaign to raise capital for future construction and expansion. Presently “The Next Generation Capital Campaign” is underway with the goal of raising funds for use in construction of additional building and exhibits.

Funds are also raised through the sale of memberships, contributions from visitors to the Museum, and various sponsored special events. These events included an annual golf tournament, car show, marathon and the Museum Foundation Auction in 2014.

Support is also received from various functions sponsored by the Air Force Association, allocations from the Combined Federal Campaign, and in-kind contributions from individuals and businesses.

In 1988 the City Council of Warner Robins passed an ordinance allocating 62.5% of the City’s special 2% hotel/motel tax to the Foundation to be used in promoting, operating, and maintaining the Museum. The Foundation received \$274,891 from this revenue source during its year ended September 30, 2014.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under FASB ASC 958, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

Investments

The Foundation occasionally receives investment securities as donations. The basis is recorded at fair market value on the date of donation. At each year end the entire portfolio is adjusted by the lower of cost or market valuation method. The Foundation does not generally hold these securities as long-term investments, but liquidates them as soon as possible and reasonable.

Inventories

Inventories are stated at cost for purchased items. Donated items of inventory are recorded at their estimated wholesale value at the date of contribution.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Property and equipment acquisitions are recorded at cost, estimated cost, or, if donated, fair market value on the date of donation. The buildings are depreciated on a straight-line basis over lives ranging from 31.5 to 45 years. Equipment is depreciated on a straight-line basis over lives ranging from 5 to 10 years. The property and equipment of the Foundation are comprised primarily of office furnishings and equipment.

The value of materials and services purchased and/or donated associated with the exhibit hall and certain exhibit costs are accounted for as unrestricted net assets. The land upon which the Foundation is located is the property of the United States Government. Accordingly, permanent improvements are transferred to the United States Air Force at completion.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenues are displayed in two broad categories. Earned revenues represent fees earned or revenue generated through the performance or provision of services. Contributed support represents unconditional gifts in a voluntary nonreciprocal transfer.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

The Organization recognizes all contributed support received as income in the period received. Contributed support is reported as unrestricted or as restricted, depending upon the existence of donor stipulations that limit the use of the support. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

In-kind Support

The organization receives various types of in-kind support, including contributed services. Contributed professional services are recognized if (a) the services received, create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. Any amounts reflected as in kind support are offset by like amounts included in expenses.

Additionally, the Organization receives skilled, contributed time, which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined, and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is exempt from federal income tax and state income taxes under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

NOTE 2 – CASH AND DEPOSITS

As of September 30, 2014, the carrying amount of the Organization's deposits was \$534,756, and the bank balance was \$582,526.

Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the FDIC limit totaled \$144,393 as of September 30, 2014. It is the opinion of management that solvency of the referenced financial institution is not a particular concern at this time.

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

NOTE 3 – ACCOUNTS RECEIVABLE

As of September 30, 2014, accounts receivable from contracts and other balances due was composed of:

Golf tournament	\$ 21,090
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NOTE 4 – PLEDGES RECEIVABLE

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges receivable include the following programs:

Capital Campaign:

A discount rate of 6% has been used to calculate the present value of pledges receivable. Management has estimated the allowance for uncollectible pledges at 50%. The allowance is based on prior years' experience and management's analysis of specific promises made.

Sustaining Partners Program:

A discount rate of 6% has been used to calculate the present value of pledges receivable. Management has estimated the allowance for uncollectible pledges at 10%. The allowance is based on management's analysis of specific promises made.

Unconditional promises are expected to be realized in the following periods:

	Total	Discount	Allowance	Net
Pledges due in one year or less:				
Capital Campaign	\$ 11,350	\$ -	\$ (5,675)	\$ 5,675
Sustaining Partners	69,500	-	(6,950)	62,550
Total pledges due in one year or less	80,850	-	(12,625)	68,225
Pledges due between one year and five years				
Capital Campaign	20,500	(2,313)	(9,094)	9,093
Sustaining Partners	210,900	(23,793)	(18,710)	168,397
Total pledges between one year and five years	231,400	(26,106)	(27,804)	177,490
Net pledges receivable	\$ 312,250	\$ (26,106)	\$ (40,429)	\$ 245,715

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

NOTE 5 – EQUIPMENT AND DEPRECIATION

Property and equipment consist of the following:

Land	\$ 275,433
Furniture and equipment	<u>362,189</u>
Total	637,622
Less: accumulated depreciation	<u>(293,428)</u>
Net property and equipment	<u>\$ 344,194</u>

Depreciation expense for 2014 was \$16,088.

NOTE 6 – NOTES PAYABLE

The Foundation's obligations under notes payable consists of the following:

\$2,159,721 unsecured note due to State Bank and Trust Company. Interest is at prime plus .5% due monthly. Payment terms on the note include a principal payment of \$10,000 due on January 6, 2014 and principal payments of \$30,000 due quarterly beginning on March 6, 2014 with the remaining principal balance due April 6, 2015. The note was renewed on April 27, 2015 to extend the maturity date to April 27, 2017 with an interest rate of prime plus 0.5%. Payment terms on the renewed note include principal payments of \$30,000 due quarterly beginning on June 6, 2015.

Interest expense for the year was \$89,169.

The future maturities of notes payable are as follows:

<u>Year Ended</u>	<u>State Bank</u>
9/30/2015	\$ 120,000
9/30/2016	<u>1,929,721</u>
Total	<u>\$ 2,049,721</u>

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

NOTE 7 – DEFICIT NET ASSETS

As of September 30, 2014, the Foundation has a deficit in net assets totaling \$1,614,876. The deficit was created, primarily, as a result of construction costs related to the Museum's World War II building and its subsequent donation to the United States Air Force (USAF). Normal policy for the Foundation is to complete capital projects and gift them to the USAF. Delays in the approval process from the United States government added significantly to the overall cost of the project. The Foundation established a line-of-credit with a consortium of middle Georgia banks in order to complete construction immediately and therefore reduce construction costs. The participating banks were aware that loan would be unsecured.

The Foundation management and board of directors have undertaken a campaign to eliminate the deficit net assets and associated debt. These efforts include the following:

- Pursuit of federal funding
- Foundation and Corporate donations
- Organized team fundraising
- Sale of properties owned by the Foundation

The Foundation has engaged professional fundraising experts to assist in this process.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When the donor restriction expires, that is, when the stipulated time or occurrence is accomplished, the restriction ends and the temporarily restricted net assets are reclassified to unrestricted net assets released from restriction.

The organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long those long-lived assets must be restricted, the Organization reports donated or acquired long-lived assets that are placed in service, as unrestricted.

Temporarily restricted net assets are restricted for the following purposes at September 30, 2014:

Construction of additional buildings and exhibits	\$	5,362
POW MIA		<u>196</u>
Total temporarily restricted net assets	\$	<u><u>5,558</u></u>

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

NOTE 9 – DONATED SERVICES AND MATERIALS

The value of donated services and materials included in the financial statements and the corresponding expenses for the year ended September 30, 2014, is as follows:

Special events	\$ 112,200
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NOTE 10 – EMPLOYEE BENEFIT PLAN

The Foundation adopted a SIMPLE retirement account plan effective January 1, 2008 covering substantially all employees. Under the plan, the Foundation matches up to 3% of employees' contributions. Plan expenses incurred by the Foundation during 2014 were \$20,974.

NOTE 11 – STARBASE

Science and Technology Academics Reinforcing Basic Aviation & Science Exploration (STARBASE) is a hands on math, science and technology program for 5th graders in the Middle Georgia area. Its office and laboratory space is in the Museum of Aviation, and its personnel costs, expenses and other financial records are maintained by and are a part of the Museum of Aviation's bookkeeping system. Since STARBASE is an adjunct to the Museum of Aviation, its transactions are included in these financial reports. A separate schedule of STARBASE's cash receipts and disbursements is shown on page 22. STARBASE's net asset balance of \$512,068 is not included in the Museum Foundation's net assets, but is included in the "Due to Other Agencies" account on the Statement of Financial Position.

NOTE 12 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended September 30, 2014, the Organization is taking the position that all income is derived as a result of its tax exempt purpose and there is no income derived from unrelated business activities. As a result, no tax liability has been recorded. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they are filed.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 16, 2015, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Description:	Program Services	Administrative and General	Fundraising	Totals
Salaries	\$ 1,008,569	\$ 285,591	\$ 194,843	\$ 1,489,003
Payroll taxes	78,672	21,422	14,905	114,999
Employee benefits	112,119	20,262	-	132,381
Administration	-	46,112	-	46,112
Advertising	1,403	-	-	1,403
Bank charges	-	21,270	-	21,270
Cost of sales	202,778	-	-	202,778
Education	41,429	-	-	41,429
In kind	112,200	-	-	112,200
Insurance	15,563	-	-	15,563
Interest	89,169	-	-	89,169
Marketing	30,218	-	-	30,218
Membership	3,536	-	-	3,536
Miscellaneous	24,494	-	-	24,494
Office expense	-	126,105	-	126,105
Special events	311,135	-	-	311,135
Supplies and materials	6,425	-	-	6,425
Postage	4,388	-	-	4,388
Professional fees	-	9,000	-	9,000
Telephone	15,426	-	-	15,426
Travel	44,556	-	-	44,556
Total expenses before depreciation	2,102,080	529,762	209,748	2,841,590
Depreciation	16,088	-	-	16,088
Total Expenses	\$ 2,118,168	\$ 529,762	\$ 209,748	\$ 2,857,678

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STARBASE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Revenue and Other Support:

Contributions	\$ 787,413
Grant income	22,829
	<hr/>
Total Revenue and Support	810,254
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<u>Expenses:</u>	
Payroll	402,940
Payroll taxes	31,705
Employee benefits	36,234
Telephone	2,697
Travel	37,251
Public relations and advertising	5,837
Dues and subscriptions	975
Training/meetings	25,437
Supplies	141,306
Miscellaneous	26,557
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Total Expenses	710,939
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Excess of Receipts over Expenses	99,315
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Net assets - beginning of year	412,753
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Net assets - end of year	\$ 512,068
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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board Members
 Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.
 Warner Robins, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. 2014-01

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s Response to Findings

Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Macon, Georgia
September 16, 2015

MUSEUM OF AVIATION AT ROBINS AIR FORCE
BASE, GEORGIA FOUNDATION, INC.

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Financial Statement Findings

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

2014-01 General Ledger – Maintenance (reiteration of prior year)

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial conditions of the Foundation, to review data for accuracy and completeness and to prepare financial statements.

CONDITION

During this audit a number of material adjustments were identified and made by the external auditor to complete the end-of-year audit.

CONTEXT

Material audit adjustments were needed to fairly state financial information in an accrual system for the year ended September 30, 2014. Management had chosen to maintain interim data on the cash basis of accounting to better monitor the cash position of the Foundation.

CAUSE

Year-end data based on the accrual system was not recorded.

EFFECT

Management was not provided with complete and accurate interim financial reports to be used to make fiscal-related decisions.

RECOMMENDATION

Management should pursue a method to identify and accomplish material adjustments annually before the audit. This may require consulting with an (additional) outside audit agency or contracting with one to accomplish the annual pre-audit.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

Management is convinced that our day to day financial products and recordkeeping entries provide us with a completely accurate picture of our financial status. Material adjustments made by the auditor were accomplished in order to facilitate conversion of our cash basis system to the accrual system. Several of the items questioned were nonrecurring transactions and with the significant gap in time between occurrences it is not practical to have our staff trained on two systems of accounting. Our intent is to continue to use a cash-basis system in the future, as do a great many non-profit organizations. We also consider it cost prohibitive and not functionally beneficial to hire a separate auditor in order to convert our financials to the accrual system before our annual audit.

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