

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

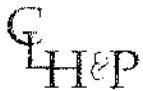
**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

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

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SEPTEMBER 30, 2015

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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, 2016, 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, 2016, 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 May 31, 2017, 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  
May 31, 2017

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016

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, 2016. We encourage the readers to consider this information in conjunction with the Foundation's financial statements, which follows:

**2016 Financial Highlights**

- Revenue and support increased 7%, or approximately \$139,339, from fiscal year 2015. Special events, hotel/motel tax and education increased and contributions and services, grants and sales decreased.
- Expenses were 7%, or approximately \$158,602, less in fiscal year 2016 than in fiscal year 2015. The large decrease was mainly for classroom construction that was done in 2015.
- The Foundation's net assets increased \$1,859,442 from fiscal year 2015. The large increase was due to the release of debt of \$1,712,337.

**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, 2016  
(CONTINUED)

**Financial Position**

	September 30	
	2016	2015
<u>Assets</u>		
Current and other assets	\$ 190,665	\$ 257,168
Restricted assets	117,483	175,662
Property and equipment, net	340,473	327,107
Other assets	177,239	188,632
Total assets	<u>825,860</u>	<u>948,569</u>
<u>Liabilities</u>		
Current and other liabilities	448,662	874,560
Noncurrent liabilities	283,468	1,839,721
Total liabilities	<u>732,130</u>	<u>2,714,281</u>
<u>Net assets</u>		
Temporarily restricted	-	175,662
Unrestricted	93,730	(1,941,374)
Total net assets	<u>\$ 93,730</u>	<u>\$ (1,765,712)</u>

Comparison of Net Assets

In prior years, unrestricted net assets reflected 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
STARBASE Robins classroom expansion	489,274
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	885,000
	<u>\$ 12,000,645</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016  
(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,	
	2016	2015
<u>Revenue and Support</u>		
Contributions and services	\$ 780,682	\$ 1,070,380
Grant income	78,874	116,717
Sales	301,942	402,082
Special events	697,409	694,125
Contributions in-kind	108,063	105,950
Education	321,390	203,732
City of Warner Robins hotel/motel tax	416,447	324,323
Release of debt	1,712,337	-
Interest and dividends	4	19
Net assets released from restrictions	263,345	117,559
Total Revenue and Support	<u>4,680,493</u>	<u>3,034,887</u>
<u>Expenses</u>		
Program services	1,922,543	2,746,253
Supporting services	550,453	464,957
Fundraising	219,203	216,283
Total expenses	<u>2,692,199</u>	<u>3,427,493</u>
Increase (decrease) in STARBASE net assets before STAREBASE deduction	1,988,294	(392,606)
(Increase) decrease in STARBASE net assets	46,810	247,328
Increase (decrease) in unrestricted net assets	<u>2,035,104</u>	<u>(145,278)</u>
<u>Temporarily restricted net assets</u>		
Contributions	87,683	112,001
Net assets released from restriction	(263,345)	(117,559)
Increase (decrease) in temporarily restricted net assets	<u>(175,662)</u>	<u>(5,558)</u>
Increase (decrease) in total net assets	1,859,442	(150,836)
Net assets (deficit)-beginning of year	<u>(1,765,712)</u>	<u>(1,614,876)</u>
Net assets (deficit)-end of year	<u>\$ 93,730</u>	<u>\$ (1,765,712)</u>



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016  
(CONTINUED)

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

In fiscal year 2016, revenues and support increased approximately \$139,339 (7%). There was a decrease in contributions and services of \$289,698 due to STARBASE funding received in the prior year for classroom construction. Total expenses decreased approximately \$158,602 (7%).

*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**

	Year ended September 30,	
	2016	2015
Cash provided (used) by:		
Operating activities	\$ (14,194)	\$ (197,439)
Investing activities	(30,974)	-
Financing activities	(20,033)	(90,000)
Net increase (decrease) in cash	(65,201)	(287,439)
Cash beginning of year	247,317	534,756
Cash end of year	\$ 182,116	\$ 247,317

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, 2016, the Foundation had approximately \$340,473 invested in property and equipment, net of accumulated depreciation of \$328,122. Depreciation expense totaled \$17,607 for fiscal year 2016.

Details of property and equipment are shown below:

	2016	2015
Land	\$ 275,433	\$ 275,433
Improvements	20,024	-
Machinery and equipment	373,138	362,189
Accumulated depreciation	(328,122)	(310,515)
Total net property and equipment	\$ 340,473	\$ 327,107

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016  
(CONTINUED)

More detailed information about the Foundation's property and equipment is presented in Note 6 of the financial statements.

**Long Term Debt**

As of September 30, 2016, the Foundation had \$287,809 in debt outstanding, a decrease of \$1,671,912 from September 30, 2015.

More detailed information about the Foundation's outstanding debt is presented in Note 7 of the financial statements.

**Economic Factors**

The Foundation wrapped a banner year in 2016!

Overall visitation for the museum increased by more than 17% for the year, from 401,676 to 473,795 - our best visitation numbers since 2011.

We also had a 4% increase in the participation of our educational programming. We welcomed 52,018 students and teachers that span from 79 different counties in the state of Georgia, nine states and three different countries!

The Foundation worked diligently at process improvement for our internal business processes and did a comprehensive review of our numerous events and fundraisers. We looked to reduce waste and unnecessary expenditures, while seeking new and innovative ways to do business and enhance associated revenue streams.

The Foundation significantly improved its financial position during the current fiscal year with a combination of the significant reduction of our capital debt on the Scott World War II building as well as a concentrated effort to reduce overall expenses and increase revenues.

Some additional items of note:

- We're in our sixth 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.
- We were awarded a three-year, Operation STEM NASA grant in a partnership with STARBASE Robins, worth over \$1M over the grant period
- The city of Warner Robins allocated an additional 1 cent, for a total of 2.5 cents of hotel/motel tax for museum operations, marketing and tourism activities

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016  
(CONTINUED)

For FY17, we will work to continue our process improvement efforts, and begin a comprehensive strategic planning process to lay the roadmap for future success. We will also enhance our marketing and public relations activities. Finally, we will look to significantly increase our grant/foundation gifts, with our improved financial position.

**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 Mrs. Chrissy Miner, 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, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 64,633
Restricted assets	
Cash and cash equivalents	117,483
Accounts receivable	8,290
Grants receivable	3,940
Unconditional promises to give, net of allowance	69,405
Inventory	44,397
	<hr/>
Total Current Assets	308,148

Property and Equipment

Land	275,433
Improvements	20,024
Furniture and equipment	373,138
Less: accumulated depreciation	<u>(328,122)</u>
Net Property and Equipment	<u>340,473</u>

Other Assets

Other assets	50,739
Deposits	80
Unconditional promises to give, net of allowance	<u>126,420</u>
Total Other Assets	<u>177,239</u>
Total Assets	<u>\$ 825,860</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 FINANCIAL POSITION  
SEPTEMBER 30, 2016  
(CONTINUED)

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts payable	\$ 45,579
Credit cards payable	16,464
Due to Georgia Aviation Hall of Fame	20,000
Salaries payable	22,585
Accrued withheld taxes	13,947
Accrued vacation	101,966
Other liabilities	1,085
Deferred revenue	4,765
Due to STARBASE	217,930
Note payable - short term portion	<u>4,341</u>

Total Current Liabilities 448,662

Long-Term Liabilities

Note payable - long term portion	<u>283,468</u>
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Total Long-Term Liabilities 283,468

Total Liabilities 732,130

Net Assets

Unrestricted 93,730

Total Net Assets 93,730

Total Liabilities and Net Assets \$ 825,860

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, 2016

<u>Unrestricted Net Assets</u>	
Revenue and Support	
Contributions and services	\$ 780,682
Grant income	78,874
Sales	301,942
Special events	697,409
Interest and dividends	4
Contributions in-kind	108,063
Education	321,390
City of Warner Robins hotel/motel tax	416,447
Release of debt	1,712,337
Net assets released from restrictions	
Satisfaction of purpose restrictions	<u>263,345</u>
 Total Revenue and Support	 <u>4,680,493</u>
 Expenses	
Program services	1,922,543
Supporting services	550,453
Fundraising	<u>219,203</u>
 Total Expenses	 <u>2,692,199</u>
 Increase (decrease) in unrestricted net assets before STARBASE deduction	 1,988,294
 (Increase) decrease in STARBASE net assets	 <u>46,810</u>
 Increase (decrease) in unrestricted net assets	 <u>2,035,104</u>
 <u>Temporarily Restricted Net Assets</u>	
Contributions	87,683
Net assets released from restrictions	<u>(263,345)</u>
 Increase (decrease) in temporarily restricted net assets	 <u>(175,662)</u>
 Increase (decrease) in total net assets	 1,859,442
 Net assets - beginning of year	 <u>(1,765,712)</u>
 Net assets - end of year	 <u><u>\$ 93,730</u></u>

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, 2016

<u>Cash Flows from Operating Activities</u>	
Revenue and Support Received	
Unrestricted Revenue and Support	\$ 2,766,768
Temporarily Restricted Revenue and Support	87,683
Interest and dividends received	4
Cash Paid for	
Salaries and Benefits	(1,788,437)
Operating Expenses	<u>(1,080,212)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(14,194)</u>
 <u>Cash Flows from Investing Activities</u>	
Purchase of property and equipment	<u>(30,974)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(30,974)</u>
 <u>Cash Flows from Financing Activities</u>	
Payments of interest	<u>(20,033)</u>
Net Cash Provided by (Used for) Financing Activities	<u>(20,033)</u>
Net Increase (Decrease) in Cash and Equivalents	(65,201)
Cash and Equivalents - Beginning of Year	<u>247,317</u>
Cash and Equivalents - End of Year	<u><u>\$ 182,116</u></u>
 <u>Classified as</u>	
Cash and cash equivalents	\$ 64,633
Restricted cash	117,483
	<u><u>\$ 182,116</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, 2016  
(CONTINUED)

<u>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by (Used for) Operating Activities</u>	
Increase (Decrease) in Net Assets	<u>\$ 1,859,442</u>
 <u>Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities</u>	
Depreciation	17,607
Interest expense	60,458
Release of debt	(1,712,337)
(Increase) decrease in accounts receivable	9,347
(Increase) decrease in grants receivable	12,323
(Increase) decrease in promises to give	39,224
(Increase) decrease in inventory	15,163
(Increase) decrease in other assets	(5,183)
Increase (decrease) in accounts payable	(140,516)
Increase (decrease) in credit cards payable	(47,199)
Increase (decrease) in salaries payable	(30,336)
Increase (decrease) in accrued vacation	(50,258)
Increase (decrease) in payroll liabilities	13,947
Increase (decrease) in other liabilities	(133)
Increase (decrease) in deferred revenue	1,067
Increase (decrease) in due to other agencies	<u>(56,810)</u>
Total Adjustments	<u>(1,873,636)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (14,194)</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, 2016

**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 21<sup>st</sup> 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 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 2016.

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 ordinance was revised in 2009 which increased the hotel/motel tax to 8% with the Foundation receiving 1.5 cents of the tax. The Foundation received \$416,447 from this revenue source during its year ended September 30, 2016.

**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, 2016  
(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.

The Foundation 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

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

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

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 Foundation 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 is offset by like amounts included in expenses.

Additionally, the Foundation 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, 2016, the carrying amount of the Foundation's deposits was \$182,116, and the bank balance was \$208,401.

**NOTE 3 – RESTRICTED CASH**

Cash in the amount of \$117,483 is restricted for STARBASE operations.



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

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 4 – ACCOUNTS RECEIVABLE**

As of September 30, 2016, accounts receivable from contracts and other balances due was composed of:

Golf tournament	<u>\$ 8,290</u>
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**NOTE 5 – 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 85%. 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	\$ 13,250	\$ -	\$ (11,262)	\$ 1,988
Sustaining Partners	74,908	-	(7,491)	67,417
Total pledges due in one year or less	88,158	-	(18,753)	69,405
Pledges due between one year and five years				
Capital Campaign	16,600	(1,873)	(12,518)	2,209
Sustaining Partners	155,562	(17,550)	(13,801)	124,211
Total pledges between one year and five years	172,162	(19,423)	(26,319)	126,420
Net pledges receivable	\$ 260,320	\$ (19,423)	\$ (45,072)	\$ 195,825

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

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 6 – EQUIPMENT AND DEPRECIATION**

Property and equipment consist of the following:

Land	\$ 275,433
Improvements	20,024
Furniture and equipment	<u>373,138</u>
Total	668,595
Less: accumulated depreciation	<u>(328,122)</u>
Net property and equipment	<u>\$ 340,473</u>

Depreciation expense for 2016 was \$17,607.

**NOTE 7 – NOTES PAYABLE**

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

\$287,809 unsecured note due to State Bank and Trust Company. Interest is at 4% due monthly. Payment terms on the note include monthly interest payments beginning October 1, 2016 and principal and interest payments beginning September 1, 2017 amortized over 60 months.

Interest expense for the year was \$60,458.

The future maturities of notes payable are as follows:

<u>Year Ended</u>	<u>State Bank</u>
9/30/2017	\$ 5,300
9/30/2018	63,605
9/30/2019	63,605
9/30/2020	63,605
9/30/2021	63,605
9/30/2022	58,304
Less: interest	<u>(30,215)</u>
Total	<u>\$ 287,809</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 8 – RELEASE OF DEBT**

On September 1, 2016, the Foundation entered into a forbearance agreement with State Bank and Trust Company for the balance of its outstanding notes payable. Under terms of the agreement, the bank agreed to release the Foundation from a portion of its indebtedness in the amount of \$1,712,337. The release of indebtedness results in a remaining outstanding balance of \$287,809 as of October 1, 2016. As part of the agreement, the Foundation is required to sell real estate which is currently held, with proceeds to be applied to any outstanding balance.

**NOTE 9 – LOAN FROM GEORGIA AVIATION HALL OF FAME**

The Foundation borrowed \$30,000 from the Georgia Aviation Hall of Fame in January 2012. There is no formal agreement for repayment of the loan. The Foundation owed \$20,000 on the loan at September 30, 2016. The Foundation paid the remaining balance off in November 2016.

**NOTE 10 – 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, 2016, is as follows:

Special events	\$ 106,700
Gift shop software	1,363
Total donated services and materials	<u>\$ 108,063</u>

**NOTE 11 – 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 2016 were \$24,228.

**NOTE 12 – STARBASE**

Science and Technology Academics Reinforcing Basic Aviation & Science Exploration (STARBASE) are a hands on math, science and technology program for 5<sup>th</sup> graders in the MiddleGeorgia 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 18. STARBASE's net asset balance of \$217,930 is not included in the Foundation's net assets, but is included in the "Due to Other Agencies" account on the Statement of Financial Position.

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

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 13 – 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, 2016, 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 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they are filed.

**NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through May 31, 2017, the date which the financial statements were available to be issued.

In April 2017, the Foundation received an offer on 19.73 acres of land for \$78,920. When sold, the proceeds will reduce the principal balance of the State Bank and Trust Company loan from \$287,809 to \$208,889.

## **SUPPLEMENTARY INFORMATION**

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

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Description</u>	Program Services	Administrative and General	Fundraising	Totals
Salaries	\$ 908,865	\$ 344,795	\$ 203,626	\$ 1,457,286
Payroll taxes	79,001	25,587	15,577	120,165
Employee benefits	125,908	18,431	-	144,339
Administration	-	56,079	-	56,079
Advertising	714	-	-	714
Bank charges	-	29,448	-	29,448
Cost of sales	156,362	-	-	156,362
Education	81,205	-	-	81,205
In kind	106,700	-	-	106,700
Insurance	13,946	-	-	13,946
Interest	60,458	-	-	60,458
Marketing	35,030	-	-	35,030
Membership	3,312	-	-	3,312
Office expense	-	53,282	-	53,282
Special events	295,392	-	-	295,392
Supplies and materials	5,451	-	-	5,451
Postage	3,485	-	-	3,485
Professional fees	-	22,831	-	22,831
Telephone	10,767	-	-	10,767
Travel	18,340	-	-	18,340
Total expenses before depreciation	1,904,936	550,453	219,203	2,674,592
Depreciation	17,607	-	-	17,607
Total Expenses	\$ 1,922,543	\$ 550,453	\$ 219,203	\$ 2,692,199

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

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STARBASE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Revenue and Other Support</u>	
Contributions	\$ 593,841
Interest income	1
	<hr/>
Total Revenue and Support	593,842
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<u>Expenses</u>	
Payroll	440,356
Payroll taxes	33,206
Employee benefits	60,207
Telephone	5,060
Travel	14,504
Public relations and advertising	3,747
Dues and subscriptions	79
Training/meetings	2,296
Supplies	79,836
Miscellaneous	1,361
	<hr/>
Total Expenses	640,652
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Excess of Receipts over Expenses	(46,810)
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Net assets - beginning of year	264,740
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Net assets - end of year	\$ 217,930
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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 September 30, 2016, 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 May 31, 2017.

**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. 2015-01

### **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  
May 31, 2017

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

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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*:

**2016-01      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, 2016. Audit procedures identified accounts payable and credit card charges that were not properly recorded.

*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. Additionally, credit card charges should be recorded when incurred. Special event activity should be reconciled when each event occurs to ensure all revenue and expenses related to the event is properly recorded.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

Effective October 1, 2016, the Museum of Aviation Foundation changed accounting policies from a cash accounting system to an accrual accounting system. This change was made due to a recommendation of our auditing firm. We believe that will eliminate the need for adjustments during the audit. Additionally, all credit card debt was settled prior to the beginning of the fiscal year, therefore no adjustment will be necessary to record balances on credit cards.