

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

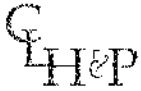
**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

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

TABLE OF CONTENTS
SEPTEMBER 30, 2017

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
FINANCIAL STATEMENTS	
Statement of Financial Position	9 – 10
Statement of Activities	11
Statement of Cash Flows	12 – 13
Notes to the Financial Statements	14 – 20
SUPPLEMENTARY INFORMATION	
Schedule of Functional Expenses	21
Schedule of Receipts and Disbursements – STARBASE	22
Comparative Schedule of Financial Position	23-24
Comparative Schedule of Activities	25
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 <i>Government Auditing Standards</i>	26 – 27
Schedule of Findings and Responses	28 – 29



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, 2017, 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, 2017, 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.

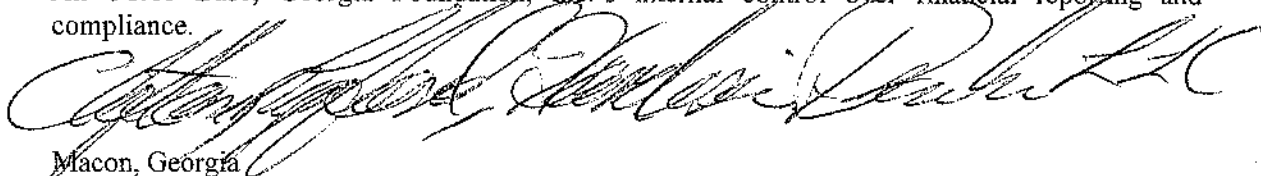
Other Matters

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, schedule of receipts and disbursements – STARBASE, comparative schedule of financial position and comparative schedule of activities 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 8, 2018, 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 effectiveness of the Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'s 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 8, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

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, 2017. We encourage the readers to consider this information in conjunction with the Foundation's financial statements, which follows:

2017 Financial Highlights

- Revenue and support increased 13%, or approximately \$293,184, from fiscal year 2016. Contributions and services, grants, hotel/motel tax and donated services and materials increased and sales, special events and education decreased.
- Expenses were 17%, or approximately \$345,280, more in fiscal year 2017 than in fiscal year 2016. The large increase was mainly for NASA grant expenses.
- The Foundation's net assets increased \$95,010 from fiscal year 2016.

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, 2017
(CONTINUED)

Financial Position

	September 30	
	2017	2016
<u>Assets</u>		
Current and other assets	\$ 400,255	\$ 190,665
Restricted assets	145,176	117,483
Property and equipment, net	285,467	340,473
Other assets	190,920	177,239
Total assets	<u>1,021,818</u>	<u>825,860</u>
<u>Liabilities</u>		
Current and other liabilities	666,057	448,662
Noncurrent liabilities	167,021	283,468
Total liabilities	<u>833,078</u>	<u>732,130</u>
<u>Net assets</u>		
Unrestricted	<u>188,740</u>	<u>93,730</u>
Total net assets	<u>\$ 188,740</u>	<u>\$ 93,730</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, 2017
(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,	
	2017	2016
<u>Revenue and Support</u>		
Contributions and services	\$ 923,553	\$ 780,682
Grant income	412,899	78,874
Sales	277,142	301,942
Special events	687,726	697,409
Donated services and materials	185,300	108,063
Education	222,127	321,390
City of Warner Robins hotel/motel tax	629,413	416,447
Release of debt	-	1,712,337
Interest and dividends	9	4
Net assets released from restrictions	58,376	263,345
Total Revenue and Support	<u>3,396,545</u>	<u>4,680,493</u>
<u>Expenses</u>		
Program services	2,423,686	1,922,543
Supporting services	566,252	550,453
Fundraising	116,370	219,203
Total expenses	<u>3,106,308</u>	<u>2,692,199</u>
Increase (decrease) in STARBASE net assets before STAREBASE deduction	290,237	1,988,294
(Increase) decrease in STARBASE net assets	<u>(195,227)</u>	<u>46,810</u>
Increase (decrease) in unrestricted net assets	<u>95,010</u>	<u>2,035,104</u>
<u>Temporarily restricted net assets</u>		
Contributions	58,376	87,683
Net assets released from restriction	<u>(58,376)</u>	<u>(263,345)</u>
Increase (decrease) in temporarily restricted net assets	<u>-</u>	<u>(175,662)</u>
Increase (decrease) in total net assets	95,010	1,859,442
Net assets (deficit) - beginning of year	<u>93,730</u>	<u>(1,765,712)</u>
Net assets - end of year	<u>\$ 188,740</u>	<u>\$ 93,730</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(CONTINUED)

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

In fiscal year 2017, revenues and support increased approximately \$293,184 (13%). There was an increase in grant income of \$334,025 for a NASA grant. Total expenses increased approximately \$345,280 (17%).

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,	
	2017	2016
Cash provided (used) by:		
Operating activities	\$ 123,979	\$ (14,194)
Investing activities	35,349	(30,974)
Financing activities	(94,440)	(20,033)
Net increase (decrease) in cash	64,888	(65,201)
Cash beginning of year	182,116	247,317
Cash end of year	\$ 247,004	\$ 182,116

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, 2017, the Foundation had approximately \$285,467 invested in property and equipment, net of accumulated depreciation of \$347,779. Depreciation expense totaled \$19,658 for fiscal year 2017.

Details of property and equipment are shown below:

	2017	2016
Land	\$ 196,513	\$ 275,433
Improvements	31,728	20,024
Machinery and equipment	405,005	373,138
Accumulated depreciation	(347,779)	(328,122)
Total net property and equipment	\$ 285,467	\$ 340,473

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(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, 2017, the Foundation had \$205,659 in debt outstanding, a decrease of \$116,447 from September 30, 2016.

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

Economic Factors

The Foundation continues to strive for excellence! Last year we saw 457,153 visitors at the Museum.

We had a 9% increase in participation of our education programming, welcoming 56,098 students and teachers that span from 79 different counties in the state of Georgia, nine states and three different countries!

The Foundation focused a great deal on development of relationships and partnerships that could benefit us in both visitation, program participation and financially. We began working closely with the Paralyzed Veterans Association, bringing adaptive sports into our marathon and golf tournaments. We hosted numerous tours to management of large corporations, other education organizations and local businesses partners. We insured that we had a presence at local community events and trade shows, bringing more regional awareness to the Museum.

As per the agreement with State Bank, we began applying \$3,000 monthly to the principal balance on the remaining balance of the capital debt on the Scott World War II building, leaving a balance of \$186,568 as of April of 2018. This is the only remaining debt that the Foundation currently has. We continue to work diligently at insuring that our internal business processes are followed properly.

With the continued allocation of 2.5 cents of hotel/motel tax from the City of Warner Robins, the Foundation put a huge focus on marketing efforts. We added seven billboards on all surrounding highways, produced rack cards to be distributed to all hotels from South Atlanta to North Florida, increased advertising in the Atlanta area and throughout other areas of Georgia. These efforts brought an increase of visitors that have in our most recent month resulted in a 38% increase in gift shop sales.

For FY18, we will continue to work on development of new partnerships. We continuously review the vitality of our numerous events and fundraisers and seek new fundraising sources when one no longer seems effective. As the Museum goes into our 35th year in operation, we will seek not only more regional awareness, but also national awareness. We will continue to support our government counterparts by making improvements to museum facilities when financially possible.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(CONTINUED)

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.

FINANCIAL STATEMENTS

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

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

<u>Current Assets</u>	
Cash and cash equivalents	\$ 101,828
Restricted assets	
Cash and cash equivalents	145,176
Accounts receivable	28,500
Grants receivable	165,000
Unconditional promises to give, net of allowance	52,305
Inventory	52,622
	<hr/>
Total Current Assets	545,431
	<hr/>
<u>Property and Equipment</u>	
Land	196,513
Improvements	31,728
Furniture and equipment	405,005
Less: accumulated depreciation	(347,779)
	<hr/>
Net Property and Equipment	285,467
	<hr/>
<u>Other Assets</u>	
Other assets	59,649
Collections	70,000
Deposits	80
Unconditional promises to give, net of allowance	61,191
	<hr/>
Total Other Assets	190,920
	<hr/>
Total Assets	\$ 1,021,818

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, 2017
(CONTINUED)

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts payable	\$ 78,970
Credit cards payable	13,312
Salaries payable	28,725
Accrued withheld taxes	1,303
Accrued vacation	89,583
Other liabilities	1,239
Deferred revenue	1,130
Due to STARBASE	413,157
Note payable - short term portion	<u>38,638</u>

Total Current Liabilities

666,057

Long-Term Liabilities

Note payable - long term portion	<u>167,021</u>
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Total Long-Term Liabilities

167,021

Total Liabilities

833,078

Net Assets

Unrestricted	<u>188,740</u>
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Total Net Assets

188,740

Total Liabilities and Net Assets

\$ 1,021,818

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, 2017

<u>Unrestricted Net Assets</u>	
Revenue and Support	
Contributions and services	\$ 923,553
Grant income	412,899
Sales	277,142
Special events	687,726
Interest and dividends	9
Donated services and materials	185,300
Education	222,127
City of Warner Robins hotel/motel tax	629,413
Net assets released from restrictions	
Satisfaction of purpose restrictions	<u>58,376</u>
 Total Revenue and Support	 <u>3,396,545</u>
 Expenses	
Program services	2,423,686
Supporting services	566,252
Fundraising	<u>116,370</u>
 Total Expenses	 <u>3,106,308</u>
 Increase (decrease) in unrestricted net assets before STARBASE deduction	 290,237
 (Increase) decrease in STARBASE net assets	 <u>(195,227)</u>
 Increase (decrease) in unrestricted net assets	 <u>95,010</u>
 <u>Temporarily Restricted Net Assets</u>	
Contributions	58,376
Net assets released from restrictions	<u>(58,376)</u>
 Increase (decrease) in temporarily restricted net assets	 <u>-</u>
 Increase (decrease) in total net assets	 95,010
 Net assets - beginning of year	 <u>93,730</u>
 Net assets - end of year	 <u><u>\$ 188,740</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, 2017

<u>Cash Flows from Operating Activities</u>	
Revenue and Support Received	
Unrestricted Revenue and Support	\$ 3,165,584
Temporarily Restricted Revenue and Support	58,376
Interest and dividends received	9
Cash Paid for	
Salaries and Benefits	(1,874,074)
Operating Expenses	<u>(1,225,916)</u>
Net Cash Provided by (Used for) Operating Activities	<u>123,979</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of property and equipment	(43,571)
Sale of land	<u>78,920</u>
Net Cash Provided by (Used for) Investing Activities	<u>35,349</u>
<u>Cash Flows from Financing Activities</u>	
Payments of interest	(12,290)
Payments on note payable	<u>(82,150)</u>
Net Cash Provided by (Used for) Financing Activities	<u>(94,440)</u>
Net Increase (Decrease) in Cash and Equivalents	64,888
Cash and Equivalents - Beginning of Year	<u>182,116</u>
Cash and Equivalents - End of Year	<u>\$ 247,004</u>
 <u>Classified as</u>	
Cash and cash equivalents	\$ 101,828
Restricted cash	145,176
	<u>\$ 247,004</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, 2017
(CONTINUED)

<u>Reconciliation of Increase (Decrease) in Net Assets to</u>	
<u>Net Cash Provided by (Used for) Operating Activities</u>	
Increase (Decrease) in Net Assets	\$ 95,010
<u>Adjustments to reconcile increase (decrease) in net assets</u>	
<u>to net cash provided by operating activities</u>	
Depreciation	19,658
Interest expense	12,290
Donated collection item	(70,000)
(Increase) decrease in accounts receivable	(20,210)
(Increase) decrease in grants receivable	(161,060)
(Increase) decrease in promises to give	82,329
(Increase) decrease in inventory	(8,225)
(Increase) decrease in other assets	(8,910)
Increase (decrease) in accounts payable	33,390
Increase (decrease) in credit cards payable	(3,152)
Increase (decrease) in salaries payable	6,140
Increase (decrease) in accrued vacation	(12,383)
Increase (decrease) in payroll liabilities	(12,644)
Increase (decrease) in other liabilities	154
Increase (decrease) in deferred revenue	(3,635)
Increase (decrease) in due to other agencies	175,227
	28,969
Total Adjustments	28,969
Net Cash Provided by (Used for) Operating Activities	\$ 123,979
<u>Supplemental Schedule of Noncash Investing Activities</u>	
Donation of collection item	\$ 70,000

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 contributions from visitors to the Museum and various sponsored special events. These events included an annual golf tournament, car show, marathon and Museum Foundation Auction in 2017.

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 \$629,413 from this revenue source during its year ended September 30, 2017.

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, 2017
(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.

Capitalized collection items are not depreciated due to their indefinite or extraordinarily long useful lives.

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, 2017
(CONTINUED)

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 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, 2017, the carrying amount of the Foundation's deposits was \$247,004, and the bank balance was \$316,030.

NOTE 3 – RESTRICTED CASH

Cash in the amount of \$145,176 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, 2017, accounts receivable from contracts and other balances due was composed of:

Golf tournament	<u>\$ 28,500</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:

	<u>Total</u>	<u>Discount</u>	<u>Allowance</u>	<u>Net</u>
Pledges due in one year or less:				
Capital Campaign	\$ 13,250	\$ -	\$ (11,262)	\$ 1,988
Sustaining Partners	55,908	-	(5,591)	50,317
Total pledges due in one year or less	<u>69,158</u>	<u>-</u>	<u>(16,853)</u>	<u>52,305</u>
Pledges due between one year and five years				
Capital Campaign	15,600	(1,760)	(11,764)	2,076
Sustaining Partners	74,036	(8,352)	(6,569)	59,115
Total pledges between one year and five years	<u>89,636</u>	<u>(10,112)</u>	<u>(18,333)</u>	<u>61,191</u>
Net pledges receivable	<u>\$ 158,794</u>	<u>\$ (10,112)</u>	<u>\$ (35,186)</u>	<u>\$ 113,496</u>

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	\$	196,513
Improvements		31,728
Furniture and equipment		<u>405,005</u>
Total		633,246
Less: accumulated depreciation		<u>(347,779)</u>
Net property and equipment	\$	<u>285,467</u>

Depreciation expense for 2017 was \$19,658.

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 \$12,290.

The future maturities of notes payable are as follows:

<u>Year Ended</u>	<u>State Bank</u>
9/30/2018	\$ 46,164
9/30/2019	46,164
9/30/2020	46,164
9/30/2021	46,164
9/30/2022	42,317
Less: interest	<u>(21,314)</u>
Total	<u>\$ 205,659</u>

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

NOTE 8 – ADVERTISING

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During 2017, advertising and marketing costs totaled \$102,789.

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, 2017, is as follows:

Special events	\$ 115,300
Donated assault rifle	<u>70,000</u>
Total donated services and materials	<u>\$ 185,300</u>

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 2017 were \$28,282.

NOTE 11 – STARBASE

Science and Technology Academics Reinforcing Basic Aviation & Science Exploration (STARBASE) are 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 \$413,157 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.

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, 2017, 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 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they are filed.

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 8, 2018, 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, 2017

Description	Administrative and			Totals
	Program Services	General	Fundraising	
Salaries	\$ 1,147,262	\$ 313,841	\$ 108,100	\$ 1,569,203
Payroll taxes	86,311	23,645	8,270	118,226
Employee benefits	134,206	33,552	-	167,758
Administration	-	120,107	-	120,107
Advertising/marketing	102,789	-	-	102,789
Bank charges	-	14,667	-	14,667
Cost of sales	144,644	-	-	144,644
Education	79,102	-	-	79,102
In kind	115,300	-	-	115,300
Insurance	28,401	-	-	28,401
Interest	12,290	-	-	12,290
Membership	4,807	-	-	4,807
Miscellaneous	534	-	-	534
Office expense	-	46,856	-	46,856
Special events	490,720	-	-	490,720
Supplies and materials	19,976	-	-	19,976
Postage	3,089	-	-	3,089
Professional fees	-	13,584	-	13,584
Telephone	14,019	-	-	14,019
Travel	20,578	-	-	20,578
Total expenses before depreciation	2,404,028	566,252	116,370	3,086,650
Depreciation	19,658	-	-	19,658
Total Expenses	\$ 2,423,686	\$ 566,252	\$ 116,370	\$ 3,106,308

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

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STARBASE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Revenue and Other Support</u>	
Contributions	\$ 747,436
Grant income	157,270
Interest income	3
	<hr/>
Total Revenue and Support	904,709
	<hr/>
<u>Expenses</u>	
Payroll	\$ 419,598
Payroll taxes	30,873
Employee benefits	74,616
Telephone	4,101
Travel	14,774
Public relations and advertising	4,952
Dues and subscriptions	700
Training/meetings	5,291
Supplies	153,007
Miscellaneous	1,570
	<hr/>
Total Expenses	709,482
	<hr/>
Excess of Receipts over Expenses	195,227
	<hr/>
Net assets - beginning of year	217,930
	<hr/>
Net assets - end of year	\$ 413,157
	<hr/>

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

COMPARATIVE SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 101,828	\$ 64,633
Restricted assets		
Cash and cash equivalents	145,176	117,483
Accounts receivable	28,500	8,290
Grants receivable	165,000	3,940
Unconditional promises to give, net of allowance	52,305	69,405
Inventory	52,622	44,397
Total Current Assets	<u>545,431</u>	<u>308,148</u>
 <u>Property and Equipment</u>		
Land	196,513	275,433
Improvements	31,728	20,024
Furniture and equipment	405,005	373,138
Less: accumulated depreciation	<u>(347,779)</u>	<u>(328,122)</u>
Net Property and Equipment	<u>285,467</u>	<u>340,473</u>
 <u>Other Assets</u>		
Other assets	59,649	50,739
Collections	70,000	-
Deposits	80	80
Unconditional promises to give, net of allowance	<u>61,191</u>	<u>126,420</u>
Total Other Assets	<u>190,920</u>	<u>177,239</u>
Total Assets	<u>\$ 1,021,818</u>	<u>\$ 825,860</u>

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

COMPARATIVE SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016
(CONTINUED)

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	<u>2017</u>	<u>2016</u>
Current Liabilities		
Accounts payable	\$ 78,970	\$ 45,579
Credit cards payable	13,312	16,464
Due to Georgia Aviation Hall of Fame	-	20,000
Salaries payable	28,725	22,585
Accrued withheld taxes	1,303	13,947
Accrued vacation	89,583	101,966
Other liabilities	1,239	1,085
Deferred revenue	1,130	4,765
Due to STARBASE	413,157	217,930
Note payable - short term portion	38,638	4,341
	<hr/>	<hr/>
Total Current Liabilities	666,057	448,662
Long-Term Liabilities		
Note payable - long term portion	167,021	283,468
	<hr/>	<hr/>
Total Long-Term Liabilities	167,021	283,468
Total Liabilities	<hr/>	<hr/>
	833,078	732,130
<u>Net Assets</u>		
Unrestricted	188,740	93,730
	<hr/>	<hr/>
Total Net Assets	188,740	93,730
Total Liabilities and Net Assets	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,021,818	\$ 825,860

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

COMPARATIVE SCHEDULE OF ACTIVITIES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
<u>Unrestricted Net Assets</u>		
Revenue and Support		
Contributions and services	\$ 923,553	\$ 780,682
Grant income	412,899	78,874
Sales	277,142	301,942
Special events	687,726	697,409
Interest and dividends	9	4
Donated services and materials	185,300	108,063
Education	222,127	321,390
City of Warner Robins hotel/motel tax	629,413	416,447
Release of debt	-	1,712,337
Net assets released from restrictions		
Satisfaction of purpose restrictions	58,376	263,345
	3,396,545	4,680,493
Total Revenue and Support		
Expenses		
Program services	2,423,686	1,922,543
Supporting services	566,252	550,453
Fundraising	116,370	219,203
	3,106,308	2,692,199
Total Expenses		
Increase (decrease) in unrestricted net assets before STARBASE deduction	290,237	1,988,294
(Increase) decrease in STARBASE net assets	(195,227)	46,810
	95,010	2,035,104
Increase (decrease) in unrestricted net assets		
<u>Temporarily Restricted Net Assets</u>		
Contributions	58,376	87,683
Net assets released from restrictions	(58,376)	(263,345)
	-	(175,662)
Increase (decrease) in temporarily restricted net assets		
Increase (decrease) in total net assets	95,010	1,859,442
Net assets - beginning of year	93,730	(1,765,712)
Net assets - end of year	\$ 188,740	\$ 93,730



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, 2017, 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 8, 2018.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2017-001

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 8, 2018



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

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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*:

2017-001 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 for the year ended September 30, 2017. The following adjustments were needed:

- Adjustment of \$19,658 to record depreciation expense.
- Net adjustments of \$73,784 to correct beginning balances.
- Adjustment of \$12,384 to correct accrued vacation.
- Adjustment of \$8,225 to adjust inventory to physical count.
- Adjustment of \$12,230 to reverse prior year receivables.
- Adjustments of \$5,621 and \$13,312 to reverse prior year and record current year credit card balances.
- Adjustment of \$43,571 to reclassify property and equipment additions.
- Adjustment of \$70,000 to record a donated collection item.
- Adjustment of \$28,500 to record current year accounts receivable.
- Adjustment of \$41,526 to reclassify payments on pledges.
- Net adjustments of \$64,920 to correct the discount and allowance on pledges.
- Adjustment of \$165,000 to record grants receivable.
- Net adjustments of \$22,863 to correct payroll liabilities.

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.

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

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

Effective October 1, 2016, the Museum of Aviation Foundation changed accounting policies from a cash accounting system to an accrual accounting system. We believed that this would eliminate the need for adjustments during the audit. It has become apparent through this auditing process that consulting with an (additional) outside audit agency prior to the complete audit process would be in our best interest to avoid the need for adjustments, therefore we will plan to consult with an outside agency next fiscal year.