

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

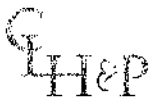
**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

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

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INDEPENDENT AUDITOR'S REPORT

Board Members

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

Report on the Financial Statements

We have audited the accompanying financial statements of Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, 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, 2018, 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.

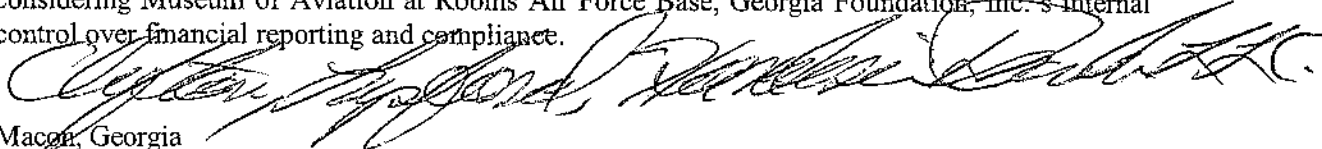
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis, 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 December 11, 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
December 11, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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, 2018. We encourage the readers to consider this information in conjunction with the Foundation's financial statements, which follows:

2018 Financial Highlights

- Revenue and support increased 1.69%, or approximately \$42,082, from fiscal year 2017. Sales, education, and hotel/motel tax increased and contributions and services, grant income, special events and donated services and materials decreased.
- Expenses were .29%, or approximately \$6,895, more in fiscal year 2018 than in fiscal year 2017.
- The Foundation's net assets increased \$130,196 from fiscal year 2017.

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, 2018
(CONTINUED)

Financial Position

	September 30	
	2018	2017
<u>Assets</u>		
Current and other assets	\$ 439,873	\$ 400,255
Restricted assets	249,482	145,176
Property and equipment, net	274,034	285,467
Other assets	213,274	190,920
Total assets	<u>1,176,663</u>	<u>1,021,818</u>
<u>Liabilities</u>		
Current and other liabilities	730,838	666,057
Noncurrent liabilities	126,889	167,021
Total liabilities	<u>857,727</u>	<u>833,078</u>
<u>Net assets</u>		
Unrestricted	<u>318,936</u>	<u>188,740</u>
Total net assets	<u>\$ 318,936</u>	<u>\$ 188,740</u>

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>

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(CONTINUED)

Operating revenues are received from contributions, grants, special events and gift shop 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,	
	2018	2017
<u>Revenue and Support</u>		
Contributions and services	\$ 936,941	\$ 923,553
Grant income	378,763	412,899
Sales	294,739	277,142
Special events	680,214	687,726
Donated services and materials	72,600	185,300
Education	306,805	222,127
City of Warner Robins hotel/motel tax	694,409	629,413
Interest and dividends	11	9
Net assets released from restrictions	34,885	58,376
Total Revenue and Support	<u>3,399,367</u>	<u>3,396,545</u>
<u>Expenses</u>		
Program services	2,563,541	2,423,686
Supporting services	529,231	566,252
Fundraising	154,522	116,370
Total expenses	<u>3,247,294</u>	<u>3,106,308</u>
Increase (decrease) in STARBASE net assets before STAREBASE deduction	152,073	290,237
(Increase) decrease in STARBASE net assets	<u>(21,877)</u>	<u>(195,227)</u>
Increase (decrease) in unrestricted net assets	<u>130,196</u>	<u>95,010</u>
<u>Temporarily restricted net assets</u>		
Contributions	34,885	58,376
Net assets released from restriction	<u>(34,885)</u>	<u>(58,376)</u>
Increase (decrease) in temporarily restricted net assets	<u>-</u>	<u>-</u>
Increase (decrease) in total net assets	130,196	95,010
Net assets (deficit) - beginning of year	<u>188,740</u>	<u>93,730</u>
Net assets - end of year	<u>\$ 318,936</u>	<u>\$ 188,740</u>

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

In fiscal year 2018, revenues and support (excluding STARBASE) increased approximately \$42,082 (1.69%). Total expenses (excluding STARBASE) increased approximately \$6,895 (.29%).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(CONTINUED)

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,	
	2018	2017
Cash provided (used) by:		
Operating activities	\$ 334,806	\$ 123,979
Investing activities	(10,000)	35,349
Financing activities	(38,559)	(94,440)
Net increase (decrease) in cash	286,247	64,888
Cash beginning of year	247,004	182,116
Cash end of year	<u>\$ 533,251</u>	<u>\$ 247,004</u>

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

Property and Equipment

As of September 30, 2018, the Foundation had \$274,034 invested in property and equipment, net of accumulated depreciation of \$369,212. Depreciation expense totaled \$21,433 for fiscal year 2018.

Details of property and equipment are shown below:

	2018	2017
Land	\$ 196,513	\$ 196,513
Improvements	31,728	31,728
Machinery and equipment	415,005	405,005
Accumulated depreciation	(369,212)	(347,779)
Total net property and equipment	<u>\$ 274,034</u>	<u>\$ 285,467</u>

More detailed information about the Foundation's property and equipment is presented in Note 9 of the financial statements.

Long Term Debt

As of September 30, 2018, the Foundation had \$167,100 in debt outstanding, a decrease of \$38,559 from September 30, 2017.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(CONTINUED)

More detailed information about the Foundation's outstanding debt is presented in Note 10 of the financial statements.

Economic Factors

The Museum of Aviation Foundation had another monumental year this FY with more than 558,000 visitors to the Museum -- an increase of over 100,000 visitors from the previous year.

The Education Center at the Museum of Aviation, including the Foundation's National STEM Academy, STARBASE Robins and the Georgia Youth Science and Technology Center (GYSTC) served 51,351 students and teachers this year. This was a slight decrease from the previous year due to less participation in the Georgia Youth Science and Technology programs.

The Foundation focused a great deal on the development of new relationships and partnerships that could benefit us in visitation, program participation and financially. We began working closely with the Paralyzed Veterans of America, a national non-profit, to bring hand-cycling to our annual, Boston-qualifying marathon. We hosted numerous executive tours for large corporations, other education organizations and local businesses partners. We had a presence at all relevant community events and trade shows, bringing more regional awareness to the Museum.

As per our agreement with the State Bank and Trust Company, we applied \$3,000 monthly to the principal balance of the capital debt on the Scott World War II building; leaving a balance of \$167,102 as of October 2018. This is the only remaining debt that the Foundation has. At the end of FY18, the Foundation established an Endowment Fund with the Community Foundation of Central Georgia thanks to a significant gift of \$25,200 from a donor.

With the allocation of 2.5 cents of hotel/motel tax from the City of Warner Robins, the Foundation continued to place an enhanced emphasis on marketing efforts. We maintained seven billboards on all surrounding highways, began using a rack cards distribution service to provide cards to all hotels from South Atlanta to North Florida, and increased advertising in the Atlanta area and throughout other areas of Georgia. We also continued our focus on being a quality of life center for middle Georgia, offering a free children's summer movie series and developing a Museum mascot for meeting and greeting community members.

In FY19, our 35th year in operation, we will continue to develop new partnerships for the benefit of the museum. We plan to host a fundraising gala celebration in November 2019 that will directly support our Endowment program. We will continue to support our government counterparts by making improvements to museum exhibits and facilities when financially feasible.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(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 Executive 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, 2018

ASSETS

<u>Current Assets</u>	
Cash and cash equivalents	\$ 283,769
Restricted assets	
Cash and cash equivalents	249,482
Accounts receivable	10,000
Grants receivable	70,200
Unconditional promises to give, net of allowance	20,671
Inventory	55,233
	<hr/>
Total Current Assets	689,355
	<hr/>
<u>Property and Equipment</u>	
Land	196,513
Improvements	31,728
Furniture and equipment	415,005
Less: accumulated depreciation	(369,212)
	<hr/>
Net Property and Equipment	274,034
	<hr/>
<u>Other Assets</u>	
Other assets	61,274
Endowment - Community Foundation	25,200
Collections	70,000
Deposits	80
Unconditional promises to give, net of allowance	56,720
	<hr/>
Total Other Assets	213,274
	<hr/>
Total Assets	<u>\$ 1,176,663</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, 2018
(CONTINUED)

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts payable	\$ 69,473
Salaries payable	30,585
Accrued withheld taxes	6,324
Accrued vacation	56,470
Other liabilities	1,405
Deferred revenue	91,336
Due to STARBASE	435,034
Note payable - short term portion	<u>40,211</u>

Total Current Liabilities 730,838

Long-Term Liabilities

Note payable - long term portion	<u>126,889</u>
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Total Long-Term Liabilities 126,889

Total Liabilities 857,727

Net Assets

Unrestricted	<u>318,936</u>
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Total Net Assets 318,936

Total Liabilities and Net Assets \$ 1,176,663

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, 2018

<u>Unrestricted Net Assets</u>	
Revenue and Support	
Contributions and services	\$ 936,941
Grant income	378,763
Sales	294,739
Special events	680,214
Interest and dividends	11
Donated services and materials	72,600
Education	306,805
City of Warner Robins hotel/motel tax	694,409
Net assets released from restrictions	
Satisfaction of purpose restrictions	34,885
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Total Revenue and Support	3,399,367
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Expenses	
Program services	2,563,541
Supporting services	529,231
Fundraising	154,522
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Total Expenses	3,247,294
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Increase (decrease) in unrestricted net assets before STARBASE deduction	152,073
(Increase) decrease in STARBASE net assets	(21,877)
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Increase (decrease) in unrestricted net assets	130,196
	<hr/>
<u>Temporarily Restricted Net Assets</u>	
Contributions	34,885
Net assets released from restrictions	(34,885)
	<hr/>
Increase (decrease) in temporarily restricted net assets	-
	<hr/>
Increase (decrease) in total net assets	130,196
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Net assets - beginning of year	188,740
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Net assets - end of year	\$ 318,936
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The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Cash Flows from Operating Activities

Revenue and Support Received	
Unrestricted Revenue and Support	\$ 3,578,882
Temporarily Restricted Revenue and Support	34,885
Interest and dividends received	11
Cash Paid for	
Salaries and Benefits	(1,811,713)
Operating Expenses	<u>(1,467,259)</u>
Net Cash Provided by (Used for) Operating Activities	<u>334,806</u>

Cash Flows from Investing Activities

Purchase of property and equipment	<u>(10,000)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(10,000)</u>

Cash Flows from Financing Activities

Principal payments on note payable	<u>(38,559)</u>
Net Cash Provided by (Used for) Financing Activities	<u>(38,559)</u>

Net Increase (Decrease) in Cash and Equivalents	286,247
Cash and Equivalents - Beginning of Year	<u>247,004</u>
Cash and Equivalents - End of Year	<u>\$ 533,251</u>

Classified as

Cash and cash equivalents	\$ 283,769
Restricted cash	249,482
	<u>\$ 533,251</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, 2018
(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	<u>\$ 130,196</u>
 <u>Adjustments to reconcile increase (decrease) in net assets</u>	
<u>to net cash provided by operating activities</u>	
Depreciation	21,433
(Increase) decrease in accounts receivable	18,500
(Increase) decrease in grants receivable	94,800
(Increase) decrease in promises to give	36,105
(Increase) decrease in inventory	(2,611)
(Increase) decrease in other assets	(1,625)
(Increase) decrease in endowment fund	(25,200)
Increase (decrease) in accounts payable	(9,498)
Increase (decrease) in credit cards payable	(13,312)
Increase (decrease) in salaries payable	1,860
Increase (decrease) in accrued vacation	(33,113)
Increase (decrease) in payroll liabilities	5,022
Increase (decrease) in other liabilities	166
Increase (decrease) in deferred revenue	90,206
Increase (decrease) in due to other agencies	<u>21,877</u>
Total Adjustments	<u>204,610</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 334,806</u>

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, 2018

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 2018.

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 \$694,409 from this revenue source during its year ended September 30, 2018.

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, 2018
(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

It is the Foundation's policy to capitalize property and equipment over \$2,500. 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, 2018
(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, 2018, the carrying amount of the Foundation's deposits was \$533,251, and the bank balance was \$631,646. Cash balances are maintained in financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation's uninsured cash balances totaled \$127,054 as of September 30, 2018.

NOTE 3 – RESTRICTED CASH

Cash in the amount of \$249,482 is restricted for STARBASE operations.

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

NOTE 4 – ACCOUNTS RECEIVABLE

As of September 30, 2018, accounts receivable from contracts and other balances due was composed of:

Golf tournament	\$ 10,000
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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:

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:				
Sustaining Partners	\$ 22,968	\$ -	\$ (2,297)	\$ 20,671
Total pledges due in one year or less	22,968	-	(2,297)	20,671
Pledges due between one year and five years				
Sustaining Partners	71,036	(8,014)	(6,302)	56,720
Total pledges between one year and five years	71,036	(8,014)	(6,302)	56,720
Net pledges receivable	\$ 94,004	\$ (8,014)	\$ (8,599)	\$ 77,391

NOTE 6 – INVESTMENTS

The Museum has invested its endowment assets with the Community Foundation of Central Georgia, Inc. The fair value of investments totals \$25,200 as of September 30, 2018. There was no investment income as of September 30, 2018.

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

NOTE 7 – ENDOWMENT

The Foundation's endowment consists of a fund established for operations or capital projects. The funds are invested in pooled investments and are comprised of donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

In approving endowment spending and related policies, as part of the prudent and diligent discharge of its duties, the board of directors of the Foundation, as authorized by Georgia state law (the Georgia Uniform Prudent Management of Institutional Funds Act of 2008 (the Act)), has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Foundation, and in doing so has elected to value donor-restricted endowment funds based on historic value, absent explicit direction to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Foundation and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and appreciation of investments,
- Other resources of the Foundation, and
- The investment policies of the Foundation.

Endowment net asset composition by type of fund as of September 30, 2018 is as follows:

	<u>Unrestricted</u>
Board designated endowment funds	\$ 25,200

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

Changes in endowment net assets as of September 30, 2018 are as follows:

	<u>Unrestricted</u>
Endowment net assets - beginning	\$ -
Contributions	<u>25,200</u>
Endowment net assets - ending	<u>\$ 25,200</u>

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Endowment assets are invested to achieve a long-term rate of return in excess of the spending policy rate, plus the rate of inflation, and after deducting for fees and other investment costs. Results are measured against performance benchmarks of similarly managed funds and accounts.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

NOTE 8 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, establish a three-level valuation hierarchy for disclosure of fair value measurement and enhance disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value:

Pooled Investments – Valued using quoted market prices of recent transactions or are benchmarked to transactions of similar securities.

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments as of September 30, 2018:

	Level 1	Level 2	Level 3	Total
Pooled investments - Community Foundation	\$ -	\$ 25,200	\$ -	\$ 25,200

NOTE 9 – EQUIPMENT AND DEPRECIATION

Property and equipment consist of the following:

Land	\$ 196,513
Improvements	31,728
Furniture and equipment	<u>415,005</u>
Total	643,246
Less: accumulated depreciation	<u>(369,212)</u>
Net property and equipment	<u>\$ 274,034</u>

Depreciation expense for 2018 was \$21,433.

NOTE 10 – 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 \$7,074.

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

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

The future maturities of notes payable are as follows:

<u>Year Ended</u>	<u>State Bank</u>
9/30/2019	\$ 46,164
9/30/2020	46,164
9/30/2021	46,164
9/30/2022	42,317
Less: interest	<u>(13,709)</u>
Total	<u>\$ 167,100</u>

NOTE 11 – ADVERTISING

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During 2018, advertising and marketing costs totaled \$161,216.

NOTE 12 – 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, 2018, is as follows:

Special events	\$ 72,600
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NOTE 13 – 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 2018 were \$23,784.

NOTE 14 – 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 24. STARBASE's net asset balance of \$435,034 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, 2018
(CONTINUED)

NOTE 15 – 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, 2018, 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 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they are filed.

NOTE 16 – EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through December 11, 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, 2018

Description	Administrative and			Totals
	Program Services	General	Fundraising	
Salaries	\$ 1,088,883	\$ 308,106	\$ 143,541	\$ 1,540,530
Payroll taxes	89,502	25,121	10,981	125,604
Employee benefits	95,478	23,870	-	119,348
Administration	-	101,715	-	101,715
Advertising/marketing	161,216	-	-	161,216
Bank charges	-	20,902	-	20,902
Cost of sales	160,412	-	-	160,412
Education	274,690	-	-	274,690
In kind	72,600	-	-	72,600
Insurance	16,863	-	-	16,863
Interest	7,074	-	-	7,074
Membership	1,207	-	-	1,207
Office expense	-	33,390	-	33,390
Special events	462,757	-	-	462,757
Supplies and materials	58,864	-	-	58,864
Postage	12,684	-	-	12,684
Professional fees	-	16,127	-	16,127
Telephone	11,679	-	-	11,679
Travel	28,199	-	-	28,199
Total expenses before depreciation	2,542,108	529,231	154,522	3,225,861
Depreciation	21,433	-	-	21,433
Total Expenses	\$ 2,563,541	\$ 529,231	\$ 154,522	\$ 3,247,294

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

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STARBASE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Revenue and Other Support</u>	
Contributions	\$ 728,387
Grant income	137,058
Interest income	4
	865,449
<u>Expenses</u>	
Payroll	\$ 444,336
Payroll taxes	27,041
Employee benefits	50,950
Telephone	4,469
Travel	20,855
Public relations and advertising	1,253
Dues and subscriptions	(2,582)
Training/meetings	14,299
Supplies	273,159
Miscellaneous	9,792
	843,572
Total Expenses	843,572
Excess of Receipts over Expenses	21,877
Net assets - beginning of year	413,157
	413,157
Net assets - end of year	\$ 435,034

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

COMPARATIVE SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	<u>ASSETS</u>	
	2018	2017
<u>Current Assets</u>		
Cash and cash equivalents	\$ 283,769	\$ 101,828
Restricted assets		
Cash and cash equivalents	249,482	145,176
Accounts receivable	10,000	28,500
Grants receivable	70,200	165,000
Unconditional promises to give, net of allowance	20,671	52,305
Inventory	55,233	52,622
	689,355	545,431
 <u>Property and Equipment</u>		
Land	196,513	196,513
Improvements	31,728	31,728
Furniture and equipment	415,005	405,005
Less: accumulated depreciation	(369,212)	(347,779)
	274,034	285,467
 <u>Other Assets</u>		
Other assets	61,274	59,649
Endowment - Community Foundation	25,200	-
Collections	70,000	70,000
Deposits	80	80
Unconditional promises to give, net of allowance	56,720	61,191
	213,274	190,920
 Total Other Assets	 213,274	 190,920
 Total Assets	 \$ 1,176,663	 \$ 1,021,818

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

COMPARATIVE SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017
(CONTINUED)

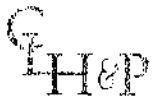
LIABILITIES AND NET ASSETS

<u>Liabilities</u>	<u>2018</u>	<u>2017</u>
Current Liabilities		
Accounts payable	\$ 69,473	\$ 78,970
Credit cards payable	-	13,312
Salaries payable	30,585	28,725
Accrued withheld taxes	6,324	1,303
Accrued vacation	56,470	89,583
Other liabilities	1,405	1,239
Deferred revenue	91,336	1,130
Due to STARBASE	435,034	413,157
Note payable - short term portion	40,211	38,638
	<hr/>	<hr/>
Total Current Liabilities	730,838	666,057
Long-Term Liabilities		
Note payable - long term portion	126,889	167,021
	<hr/>	<hr/>
Total Long-Term Liabilities	126,889	167,021
Total Liabilities	<hr/>	<hr/>
	857,727	833,078
<u>Net Assets</u>		
Unrestricted	318,936	188,740
	<hr/>	<hr/>
Total Net Assets	318,936	188,740
Total Liabilities and Net Assets	<hr/>	<hr/>
	\$ 1,176,663	\$ 1,021,818

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

COMPARATIVE SCHEDULE OF ACTIVITIES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
<u>Unrestricted Net Assets</u>		
Revenue and Support		
Contributions and services	\$ 936,941	\$ 923,553
Grant income	378,763	412,899
Sales	294,739	277,142
Special events	680,214	687,726
Interest and dividends	11	9
Donated services and materials	72,600	185,300
Education	306,805	222,127
City of Warner Robins hotel/motel tax	694,409	629,413
Net assets released from restrictions		
Satisfaction of purpose restrictions	34,885	58,376
	3,399,367	3,396,545
Total Revenue and Support		
Expenses		
Program services	2,563,541	2,423,686
Supporting services	529,231	566,252
Fundraising	154,522	116,370
	3,247,294	3,106,308
Total Expenses		
Increase (decrease) in unrestricted net assets before STARBASE deduction	152,073	290,237
(Increase) decrease in STARBASE net assets	(21,877)	(195,227)
	130,196	95,010
Increase (decrease) in unrestricted net assets		
<u>Temporarily Restricted Net Assets</u>		
Contributions	34,885	58,376
Net assets released from restrictions	(34,885)	(58,376)
	-	-
Increase (decrease) in temporarily restricted net assets		
Increase (decrease) in total net assets	130,196	95,010
Net assets - beginning of year	188,740	93,730
Net assets - end of year	\$ 318,936	\$ 188,740



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, 2018, 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 December 11, 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 Museum of Aviation at Robins Air Force Base, Georgia Foundation, Inc.'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.

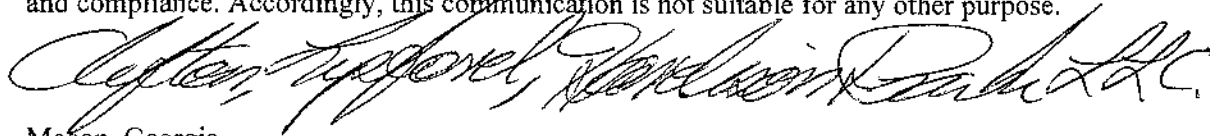
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Macon, Georgia
December 11, 2018