NOTE 1 - REPORTING ENTITY

The Astronauts Memorial Foundation, Inc. (the Foundation) was organized under the laws of the State of Florida on March 7, 1986, as a not-for-profit corporation established to construct and maintain a permanent Astronauts Memorial (the Memorial) at Kennedy Space Center, Florida, and to construct and maintain the Center for Space Education (CSE), as well as develop educational programs that will broaden knowledge of space and space exploration.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Foundation follows specific accounting standards which prescribe guidelines for external financial statements for all not-for-profit organizations. The guidance requires the classification of an organization's net assets, revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. It requires that amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) be displayed in the statements of financial position and that the amounts of the change in each of the three classes of net assets be displayed in the statements of operations and changes in net assets. As of June 30, 2016 and 2015, the Foundation does not have any donor-imposed, permanently restricted net assets.

B. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

C. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Contributions

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted. Amounts received that are stipulated by the donor to be maintained permanently are reported as permanently restricted.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a donor restriction is met in the same reporting period as the contribution is received, that contribution revenue is reported as unrestricted support.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Promises to Give

Unconditional promises to give, if any, are recognized at fair value as revenues and as assets in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Unconditional promises to give are recorded at present value of their estimated future cash flows. The discounts on contributions receivable are computed using a market rate commensurate with the risk of the contributions receivable. Amortization of the discounts related to pledges receivable are recognized over the period of the promise as contribution revenue.

F. Fundraising Activities

Fundraising activities are undertaken with the purpose of inducing potential donors to contribute money, services, materials, facilities, other assets, or time to support the mission of the Foundation. The Foundation's financial statements are presented using functional classifications such that the costs of fundraising are separately identified and distinguished from program services and support activities.

G. Donated Services

Donated services, if any, are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Volunteers have donated time to the Foundation's fundraising efforts and operations; however, no amounts for donated services are recognized since the services provided do not meet the requirements for recognition.

H. Donated Tangible Goods

Donated tangible goods are recognized at fair value at date of receipt. Management estimates fair value by determining what similar, used tangible goods would sell for.

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation have been summarized in the accompanying statements of operations and changes of net assets on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of time records and on estimates made by the Foundation's management.

J. Cash and Cash Equivalents

The Foundation considers all unrestricted, highly liquid investments with a maturity of three months or less when purchased, except those classified as investments, to be cash equivalents. At times, the Foundation maintains deposits with financial institutions in amounts that are in excess of federally insured limits. The Foundation has not experienced losses in such accounts and believes it is not exposed to significant credit risk with respect to cash and cash equivalents.

K. Investments

Investments are reported at fair value. The Foundation's investments include various types of investment securities which are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the Foundation's investment balance reported in the statements of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. National Historical Treasure

The Foundation constructed the Memorial on land under a land use permit. The Memorial has been deemed a national historical treasure and is reported, at cost, on the statements of financial position.

M. Facility and Training Fees

Generally, revenue from exchange transactions is recognized when earned. Facility fees are recognized on a straight-line basis over the term of the related lease. Training fees are recognized when the service is provided.

N. Investment Income

Realized gains and losses are recognized at the date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income are recognized when earned.

O. Property and Equipment

Property and equipment are reported at cost. Expenditures which materially increase values, change capacities, or extend useful lives, are capitalized. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation expense for the years ended June 30, 2016 and 2015, was $211,387 and $198,245, respectively. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 30 years
Furniture and equipment	3 - 7 years
Computer software	2 - 3 years

P. Asset Retirement Obligation (ARO)

Under the terms of the land use permits (see Note 6), the Foundation could be required to restore the land to its original condition. The obligation would be the cost to remove or demolish the Memorial and the CSE. A liability for the ARO has not been recorded by the Foundation at June 30, 2016 and 2015, because the fair value of the obligation cannot be reasonably estimated. Management believes that there is an indeterminate settlement date for the ARO because the time over which the Foundation may settle the obligation is unknown.

Q. Income Taxes

No provision for income taxes is made in the accompanying financial statements since the Foundation is a not-for-profit corporation and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and Chapter 220.13 of the Florida Statutes, except to the extent there is unrelated business income. The Foundation's federal income tax returns are subject to examination by the IRS, generally three years after they are filed.

The Foundation has adopted the accounting standard on accounting for uncertainty in income taxes in accordance with Accounting Standards Codification (ASC) 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position, only if it is more likely than not that the tax position

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax provisions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by federal, state, or local tax authorities for the years before 2013, which is the standard statute of limitations look-back period.

NOTE 3 - INVESTMENTS AND INVESTMENT ACTIVITY

A summary of the Foundation's investments at fair value, as of June 30, 2016 and 2015, is as follows:

	2016	2015
Marketable securities:		
Money markets	$ 42,796	$ 405,944
Equity securities	1,979,951	2,100,946
Fixed income	812,336	753,905
Total marketable securities	$2,835,083	$3,260,795
Total investments	$2,835,083	$3,260,795

For all investments, investment expenses are netted against interest income. For the years ended June 30, 2016 and 2015, expenses amounted to $17,698 and $12,393, respectively. Investment returns consist of interest and dividends, realized gains and losses, and unrealized gains and losses. Investment returns are summarized for the years ended June 30, 2016 and 2015, as follows:

	2016	2015
Interest and dividends	$ 212	$ 32,728
Realized gains (losses) on investments	124,983	428,615
Unrealized gains (losses) on investments	(154,587)	(380,484)
	$ (29,392)	$ 80,859

NOTE 4 - FAIR VALUE MEASUREMENTS

The accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values of investments are based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The accounting guidance describes three levels of inputs that may be used to measure fair value, which are as follows:

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include investments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table summarizes fair value measurements, by level, at June 30, 2016, for assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Marketable securities:				
Money markets	$ 42,796	$ 0	$ 0	$ 42,796
Equity securities	1,979,951	0	0	1,979,951
Fixed income	812,336	0	0	812,336
Total marketable securities	$ 2,835,083	$ 0	$ 0	$ 2,835,083

The following table summarizes fair value measurements, by level, at June 30, 2015, for assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Marketable securities:				
Money markets	$ 405,944	$ 0	$ 0	$ 405,944
Equity securities	2,100,946	0	0	2,100,946
Fixed income	753,905	0	0	753,905
Total marketable securities	$ 3,260,795	$ 0	$ 0	$ 3,260,795

NOTE 5 - RECEIVABLES

Receivables as of June 30, 2016 and 2015, are as follows:

	2016	2015
Accounts receivable	$ (40)	$ (367)
Rents receivable	216	11,773
License plate fees	55,355	59,987
Total receivables	$ 55,531	$ 71,393

NOTE 6 - CONTINGENCIES AND COMMITMENTS

A. Land Use Permits

The Foundation has received (at no charge) exclusive rights to two parcels of land at the Kennedy Space Center from the National Aeronautics and Space Administration (NASA). Through a use permit (the Memorial Use Permit), dated September 1, 1989, and as amended, six acres of land have been designated as the site for the Memorial. A second use permit (the CSE Use Permit), dated April 30, 1992, and as amended, designates an additional 1.1 acres, for a total of 7.1 acres as the site for constructing the CSE. In the event these use permits are terminated, the Foundation may be required to restore the land to its original condition. Due to the extensive restrictions on the use of this land, the Foundation has not recognized any value related to the land rights in the accompanying financial statements.

B. Concentration of Credit Risk

The Foundation places its temporary cash investments with financial institutions. The amount of credit exposure, in excess of federally insured limits, was $105,765 and $73,701, at June 30, 2016 and 2015, respectively.

NOTE 7 - ASSETS LIMITED BY TERMS OF LAND USE PERMITS

The Memorial Use Permit requires that a board-designated endowment fund for memorial maintenance (the Memorial Maintenance Fund) be established and maintained for the perpetual care and maintenance of the Memorial and surrounding property. The Memorial Maintenance Fund must maintain a minimum balance of $1 million with a maximum accumulated balance of $2 million. Upon attaining the $2 million balance, the required balance is adjusted annually based on the Consumer Price Index for All Urban Consumers (CPI).

Additionally, the CSE Use Permit requires the establishment of a maintenance and operations fund (CSE Maintenance and Operations Fund). The CSE Maintenance and Operations Fund must maintain a minimum balance of $500,000 with a maximum accumulated balance of $1 million, adjusted annually in accordance with the corresponding CPI.

Both use permits require that all investment income generated by the Memorial Maintenance Fund and the CSE Maintenance and Operations Fund, including unrealized gains and losses, shall become part of these funds until funding requirements are reached. Interest and dividend income may be used to meet these requirements. As of June 30, 2016, the amounts in these funds, adjusted in accordance with the CPI, are $2,001,932 and $986,026, respectively. See Note 9 for details of endowment activity.

NOTE 7 - ASSETS LIMITED BY TERMS OF LAND USE PERMITS (continued)

The value of the investments held for the Memorial Maintenance Fund and the CSE Maintenance and Operations Fund as of June 30, 2016 and 2015, are as follows:

	2016	2015
Memorial Maintenance Fund	$ 2,001,932	$ 2,038,036
CSE Maintenance and Operations Fund	986,026	1,019,018
	$ 2,987,958	$ 3,057,054

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Foundation has a 403(b) defined contribution employee pension plan covering all of its personnel. Contributions to the plan are discretionary and limited to the lesser of $20,500 or 10% of each eligible employee's annual compensation. Total pension expense for the years ended June 30, 2016 and 2015, was $45,349 and $50,766, respectively.

NOTE 9 - BOARD-DESIGNATED ENDOWMENTS

The Foundation's endowment funds are the Memorial Maintenance Fund and the CSE Maintenance and Operations Fund as described in Note 7. These endowments include only funds classified by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in board-designated endowments net assets for the fiscal years ended June 30, 2016 and 2015, are as follows:

	Memorial Maintenance Fund	CSE Maintenance and Operations Fund
Unrestricted endowments net assets, June 30, 2014	$ 2,036,000	$ 1,018,000
Investment return:		
Investment income	20,250	10,125
Net appreciation (realized and unrealized)	29,780	14,890
Total investment income	50,030	25,015
Maintenance expenditures	(71,246)	(23,997)
Transfers	23,252	0
Unrestricted endowments net assets, June 30, 2015	2,038,036	1,019,018
Investment return:		
Investment income	141	71
Net depreciation (realized and unrealized)	(19,736)	(9,868)
Total investment loss	(19,595)	(9,797)
Maintenance expenditures	(27,852)	(38,114)
Transfers	11,343	14,919
Unrestricted endowments net assets, June 30, 2016	$ 2,001,932	$ 986,026

NOTE 9 - BOARD-DESIGNATED ENDOWMENTS (continued)

Interpretation of Relevant Law: The Foundation follows accounting guidance found in ASC 958-205-45, which requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not yet subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The State of Florida adopted UPMIFA effective July 1, 2012. This change in legislation is not anticipated to have an effect on the financial reporting of the Foundation.

The funds are designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation maintains the original, minimum required balances as specified in the land use permits as endowments.

Spending Policy: Endowments are established to preserve principal and generate an income stream to support the purpose of the funds held. A "spending policy" establishes a reasonable, sustainable, consistent, and predictable expenditure level, which enables the Foundation to use endowment earnings to support its operations to the fullest extent possible, while ensuring the principal value of the endowments are maintained and protected from the effects of inflation.

The Foundation has set the spending policy for its board-designated endowments. Currently, all earnings of the board-designated endowments are to be accumulated in the endowment accounts until such time as the endowments reach their maximum required funding levels (see Note 7). Upon attaining the maximum required funding level, the earnings of the endowments shall be made available to provide for all major and minor maintenance necessary to preserve the Memorial and the CSE in a safe, reliable, and presentable condition. Transfers from unrestricted funds are made, if necessary, to maintain the minimum balance of the board-designated endowments. In the event the land use permits are terminated, the Memorial Maintenance Fund and the CSE Maintenance and Operations Fund shall become the property of the United States government.

Investment Policy: The general investment objective is to provide for principal growth of these funds. The board-designated endowments are diversified across asset classes to achieve an optimal balance between risk and return. The Foundation expects that the investment mix will yield long-term annual returns of approximately 7%. The Board of Directors charges the selected investment advisor, with guidance from the Foundation's president, to maintain a prudently diversified portfolio, and not to pursue an unduly risky investment strategy. All investments are made within the investment policy guidelines set forth by the Board of Directors.

NOTE 10 - CONTRIBUTION REVENUE

License plate fees: Florida Statutes Section (FSS) 320.08058 (as amended June 20, 2014) requires that 100% of the Challenger/Columbia license plate fees be distributed to the Foundation by the Florida Department of Motor Vehicles (the Department). The fee of $25 above the normal license plate fee is a voluntary fee paid by an individual when obtaining or renewing their license plate. The transaction is between the resource provider (individual) and the Foundation with the Department acting as an intermediary, and, as such, the fees are recorded as contributions. The fees must be used for the maintenance and support of the operations of the CSE and the Education Technology Institute operated by the Foundation. These operations must include programs and infrastructure that inform, inspire, and educate the public on the benefits of human space flight. Statutes allow 20% of the funds to be used for administrative costs. Statutes further allow for up to 10% of the funds be used for continuing promotion and marketing of the license plate.

NOTE 10 - CONTRIBUTION REVENUE (continued)

On June 20, 2014, amendments to the Florida Statutes concerning the Challenger/Columbia license plate fees were enacted. The changes allow for the use of license plate fees for the Memorial and clarifies the usage of the funds for administrative costs. These changes became effective on October 1, 2014.

FSS 320.08056(10) provides that no special license plate annual use fees, or any interest earned from these fees, may be used for commercial or for-profit activities, or for general and administrative expenses except as authorized by FSS 320.08058. License plate fees are considered unrestricted contributions and are recorded when the Department's commitment is received.

NOTE 11 - FACILITY FEES

The Foundation leases space in the CSE to NASA, as well as other organizations and universities. The leases are generally for periods of one to five years and may be renewed, if desired, by both parties. The Foundation recognizes revenue from these lease agreements as earned, and such revenue is reported as facility fees in the accompanying statements of operations and changes in net assets. During the years ended June 30, 2016 and 2015, the Foundation leased 100% of the building's leasable space, which totals approximately 27,000 square feet. Total revenue recognized during the years ended June 30, 2016 and 2015, amounted to $474,358 and $406,706, respectively.

NOTE 12 - MAJOR TENANTS

For the years ended June 30, 2016 and 2015, two tenants accounted for approximately 48% and 50% of rent revenues, respectively. Accounts receivable due from these tenants were $216 and $10,166, as of June 30, 2016 and 2015, respectively.

NOTE 13 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 27, 2017, the date which the financial statements were available to be issued.