

**NAVAL AVIATION MUSEUM FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024

**NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Naval Aviation Museum Foundation, Inc. and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Naval Aviation Museum Foundation, Inc. and Subsidiary (the Foundation) (a nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (the financial statements).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the State of Florida Auditor General*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the consolidated 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 July 22, 2025, on our consideration of the Foundation'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 solely 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 Foundation'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 the Foundation's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
July 22, 2025

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(In thousands of dollars)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,962
Accounts receivable	252
Inventory	562
Prepaid expenses and other assets	214
	5,990
NON-CURRENT ASSETS	
Investments	32,510
Beneficial interest in perpetual trust	1,286
Property and equipment, net	3,187
	36,983
TOTAL ASSETS	\$ 42,973
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 390
Accrued wages and compensated absences	704
Current maturities of note payable	19
Deferred revenue	408
	1,521
LONG-TERM LIABILITIES	
Note payable, less current maturities	15
TOTAL LIABILITIES	1,536
NET ASSETS	
Without donor restrictions	30,995
With donor restrictions	10,442
	41,437
TOTAL NET ASSETS	41,437
TOTAL LIABILITIES AND NET ASSETS	\$ 42,973

See notes to the consolidated financial statements.

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands of dollars)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Sales	\$ 6,944	\$ -	\$ 6,944
Tuition	2,799	-	2,799
Contributions and memberships	3,583	1,842	5,425
Grants	2,594	-	2,594
Special events and other	119	-	119
Investment income	694	199	893
Investment gains	820	1,630	2,450
Gain on beneficial interest in perpetual trust	-	100	100
Net assets released from restrictions	5,716	(5,716)	-
Total revenue and other support	23,269	(1,945)	21,324
EXPENSES			
Program services			
Museum Support	7,599	-	7,599
Education Support	4,173	-	4,173
Support services			
Administration	553	-	553
Fundraising	743	-	743
Total expenses	13,068	-	13,068
CHANGE IN NET ASSETS	10,201	(1,945)	8,256
NET ASSETS, BEGINNING OF YEAR	20,794	12,387	33,181
NET ASSETS, END OF YEAR	<u>\$ 30,995</u>	<u>\$ 10,442</u>	<u>\$ 41,437</u>

See notes to the consolidated financial statements.

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands of dollars)

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Museum</u>	<u>Education</u>	<u>Administration</u>	<u>Fundraising</u>	
	<u>Support</u>	<u>Support</u>			
Advertising and marketing	\$ 382	\$ 14	\$ -	\$ 14	\$ 410
Depreciation	771	256	-	-	1,027
Direct costs and costs of sales	3,107	1,093	-	78	4,278
Event expense	-	-	-	127	127
Insurance	39	170	79	1	289
MIS support	72	46	62	7	187
Office supplies	109	25	6	49	189
Other expenses	58	334	87	23	502
Professional services	51	17	23	70	161
Repairs and maintenance	55	132	-	-	187
Restoration and museum projects	347	27	-	-	374
Salaries and benefits	2,579	1,777	287	374	5,017
Travel	15	2	4	-	21
Utilities and telephone	14	280	5	-	299
TOTAL FUNCTIONAL EXPENSES	\$ 7,599	\$ 4,173	\$ 553	\$ 743	\$ 13,068

See notes to the consolidated financial statements.

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands of dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 8,256
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(2,450)
Beneficial interest in perpetual trust	(68)
Depreciation expense	1,027
(Increase) decrease in assets and liabilities:	
Inventory	(117)
Prepaid expenses and other assets	(41)
Accounts receivable	690
Increase (decrease) in liabilities:	
Accounts payable	8
Accrued wages and compensated absences	204
Deferred revenue	274
	7,783
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(949)
Purchase of investments	(12,193)
Proceeds from sale of investments	6,002
	(7,140)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on note payable	(19)
	(19)
NET INCREASE IN CASH AND CASH EQUIVALENTS	624
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,338
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,962

See notes to the consolidated financial statements.

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Operations

The Naval Aviation Museum Foundation, Inc. (NAMF) was incorporated in Florida in 1966 as a nonprofit corporation. NAMF was organized to foster and perpetuate the National Naval Aviation Museum (the Museum) as a medium of informing and educating the public about the important role of United States Naval Aviation; to inspire students undergoing naval flight training to complete training and become career officers; to serve as a philanthropic organization that aids in the expansion of the Museum's facilities; and to receive, hold and administer gifts received from persons, other organizations, corporations, foundations and philanthropies in the best interest of the NAMF.

NAMF further supports the Museum by funding exhibits and services related to aircraft restoration, marketing, educational programs, custodial and other support activities. NAMF also operates various program services within the Museum, such as a theater, flight simulators, gift shop and navalaviation.com, and other revenue generating activities. Proceeds from these programs are used to support NAMF and the Museum.

NAMF's wholly owned subsidiary, National Flight Academy, LLC (NFA), is an educational program, authorized but not endorsed or financially supported, by the United States Navy. NFA is designed to address the serious concerns of declining Science, Technology, Engineering and Math (STEM) skills and standards in our country. The STEM concepts are taught using a hands-on approach in both real and virtual settings. NFA's mission is to inspire students who subsequently return to their parent schools and seek out the more challenging courses in STEM.

Principles of Consolidation

The consolidated financial statements as of and for the year ended December 31, 2024, include the accounts of NAMF and NFA. These entities are collectively referred to as "the Foundation."

Basis of Accounting

The Foundation follows standards of accounting and financial reporting prescribed for nonprofit organizations in accordance with accounting principles generally accepted in the United States of America (GAAP). The Foundation uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Basis of Presentation

Under the provisions of GAAP, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restriction are not subject to donor-imposed stipulations. Board designated or appropriated amounts are legally unrestricted and are reported as part of net assets without donor restrictions.

Net assets with donor restriction are subject to donor-imposed stipulations that include time and/or purpose restrictions.

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
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Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased within three months of maturity to be cash equivalents.

Inventory

Inventory consists of items available for sale in the gift shop, as well as web sales at navalaviation.com, and is stated at the lower of cost (using the average cost method) or net realizable value.

Investments

Investments consist of certificates of deposit with original maturities in excess of three months, debt and marketable equity securities, and mutual funds. All gains and losses arising from the sale, collection or other disposition of investments are based on the specific identification method.

The Foundation's assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The investment objectives are determined by taking into account financial needs and circumstances, the time horizon available for investment, cash flows, liabilities and other factors that affect risk tolerance.

Fair Value Measurements

The Foundation has adopted ASC 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The guidance establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes 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.

Three levels of inputs may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
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Level 3: Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Foundation uses the following valuation techniques to determine the fair value of its investments:

Certificate of deposit: Valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments.

Equities and mutual funds: Determined by the published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

Private equity: Investments in private equity partnerships for which there is no readily determinable fair value are classified as Level 3 as the valuation is based on significant unobservable inputs.

There were no changes in the valuation techniques during the year.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 estimate for fair value at the reporting date.

Endowment Funds

The Foundation's endowment funds consist of individual funds established to support the Museum. The State of Florida adopted the Uniform Prudent Management of Institutional Funds Act of 1972 (UPMIFA) effective June 17, 2012. The Foundation applies UPMIFA and currently classifies as net assets with donor restrictions (a) the original value of the gifts donated to the restricted endowment fund, (b) the original value of subsequent gifts to the restricted endowment fund (if any) and (c) accumulation to the restricted endowment fund made in accordance with the direction of the applicable donor gift instrument.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund.
- (2) The purpose of the organization and donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation.
- (7) The investment policies of the Foundation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation has determined that the investment of the assets shall be guided by the following underlying principles (a) to achieve a positive rate of return over the long term that would significantly contribute to the cash flow needs of the Foundation

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for ongoing operations and capital projects; (b) to provide for asset growth at a rate in excess of the rate of inflation; (c) to diversify the assets in order to reduce the risk of wide swings in market value from year to year or of incurring large losses that could occur from concentrated positions; and (d) to achieve investment results over the long term that compare favorably with those of other professionally managed portfolios and of appropriate market indexes.

The Foundation uses the following principles for their Spending Policy:

- (1) The Board approves the Foundation's general spending practices.
- (2) Foundation revenue-generating functions should substantially fund Foundation operations.
- (3) Strict adherence to donor gift instructions is mandatory.
- (4) Absent donor gift instructions to the contrary, and as permitted by pertinent law, income and capital appreciation related to restricted assets may be used to fund the Foundation's operating needs. Absent specific Board approval, this funding, in any year, will not exceed 5% of the market value of the fund averaged over the preceding three years.

Property and Equipment

Property and equipment are recorded at cost, except for donated property or equipment, which are recorded as a contribution at estimated fair market value on the date of receipt. Assets costing \$10 thousand or more are capitalized and depreciated over their estimated service lives on a straight-line basis. Leasehold improvements are depreciated over the life of the lease or the estimated useful life of the asset, whichever is shorter. The Foundation does not imply a time restriction on gifts of long-lived assets received. The Foundation annually reviews the property and equipment records for impairment of value and records any adjustments necessary to reflect material impacts in value.

Buildings and Aircraft Collections

The Museum is housed in buildings purchased with funds raised through the Foundation. The cost of these buildings is expensed as they were gifted to the U.S. Navy since they are constructed on land owned by the Navy.

The Museum has extensive collections of aircraft and artifacts that constitute a record of aviation in the United States. These valuable and sometimes irreplaceable collections have been acquired through field expeditions, contributions and purchases since NAMF's inception and represent one of the largest aviation history collections in the United States. Costs to refurbish these aircraft are recognized as expense when incurred. The collections are the property of the U.S. Navy and are not recognized as assets in the accompanying consolidated statement of financial position. They are held under the care of the curatorial staff for educational and public exhibition purposes in furtherance of NAMF's mission.

Revenue Recognition

Sales and Tuition

The Foundation recognizes revenue for sales and tuition based on the satisfaction of performance obligations. Performance obligations are determined based on the goods or services provided by the Foundation. Sales of merchandise, concessions and refreshments are recognized as goods are delivered to customers. Revenues from simulator experiences, movie tickets and other miscellaneous services are recognized on the date the service is provided.

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NFA receives tuition revenue from third parties to provide education programs. Tuition collected in advance is deferred until the services are provided. Revenue is recognized as the participants complete the program.

Contributions

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions in the year in which the restrictions expire. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation, at times, is notified that it has been named as the beneficiary in the estate of certain individuals under revocable agreements. Such amounts are recorded as contributions upon the passing of the donor and as the amounts become irrevocable.

Grants

Grants are recognized as revenue without donor restrictions when expenses have been incurred for allowable purposes consistent with the terms of the grant agreements. Funds received in advance of allowable grant expenses are reported as deferred revenue in the accompanying consolidated statement of financial position.

Special Events

Special events revenues are recognized as events occur.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a weighted average square footage basis; and supplies, which are allocated based on average employee headcount.

Advertising Costs

Advertising costs are expensed as incurred and totaled approximately \$ 410 thousand in 2024.

Tax Exemption

The Internal Revenue Service has determined the Foundation be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified as a publicly supported organization, which is not a private organization under Section 509(a) of the Code. The Foundation is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with GAAP.

Subsequent Events

The Foundation has evaluated events and transactions that occurred between December 31, 2024 and July 22, 2025, which is the date the consolidated financial statements were available to be issued for possible recognition or disclosure in the notes to the consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. INVESTMENTS

Investments at December 31, 2024, consisted of the following (in thousands of dollars):

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
Equities and mutual funds	\$ 28,304	\$ 32,075	\$ 3,771
Private equity	149	435	286
	<u>\$ 28,453</u>	<u>\$ 32,510</u>	<u>\$ 4,057</u>

The following tables present investments carried at fair value (in thousands of dollars) as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities and mutual funds	\$ 32,075	\$ -	\$ -	\$ 32,075
Private equity	-	-	435	435
	<u>\$ 32,075</u>	<u>\$ -</u>	<u>\$ 435</u>	<u>\$ 32,510</u>

The net return on investments (in thousands of dollars) was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Year Ended December 31, 2024		
Dividends and interest	\$ 694	\$ 199
Net realized gain in investment	228	1,074
Unrealized gain in investment	592	556
Net return on investments	<u>\$ 1,514</u>	<u>\$ 1,829</u>

As of December 31, 2024, investment income on the consolidated statement of activities is net of custodial and investment advisory fees of approximately \$15 thousand.

3. BENEFICIAL INTEREST IN PERPETUAL TRUST

NAMF is the beneficiary of a perpetual trust administered by a financial institution. NAMF receives income distributions from the perpetual trust quarterly and has no access to the corpus. At December 31, 2024, perpetual trust assets totaling approximately \$1.3 million were recorded in the consolidated statement of financial position as net assets with donor restrictions.

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The perpetual trust is valued at fair value and is comprised of equities and mutual funds (Level 1). Distributions to NAMF from the perpetual trust during the year ended December 31, 2024, totaled approximately \$50 thousand.

At December 31, 2024, the beneficial interest in perpetual trust included the following (in thousands of dollars):

Cash and cash equivalents	\$	26
Equity securities		815
Fixed income securities		394
Real estate funds		51
		1,286
	\$	1,286

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024, consisted of the following (in thousands of dollars):

NAMF

Office, simulators and theater equipment and furnishings	3 - 15 years	\$	4,645
Construction in progress			586
			5,231
Less: accumulated depreciation			(3,589)
			1,642

NFA

Office and program equipment and furnishings	3 - 15 years		6,228
Curriculum	3 - 15 years		1,054
Software	1 - 5 years		2,371
Leasehold improvements	15 years		2,464
Construction in progress			559
			12,676
Less: accumulated depreciation			(11,131)
			1,545
		\$	3,187

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5. LINE OF CREDIT

In September 2024, NAMF entered into a line-of-credit agreement with a bank in the amount of \$500 thousand, with interest at the lender's prime rate plus 1.45%, but not to be less than 3.5%. The line of credit is secured by NAMF's inventory, accounts, equipment and fixtures. The line of credit will mature in September 2025. There was no outstanding balance on this line of credit as of December 31, 2024.

6. EMPLOYEE BENEFITS

The Foundation has a Safe Harbor 401(k) plan, which covers employees who have completed three months of service and who are at least 21 years of age. Employees may contribute up to the lesser of \$23,000 or 50% of their eligible salaries into the plan. The Foundation makes a fully vested matching contribution equal to 100% of the first 4% of compensation of each participant's contribution to the plan. The Foundation made matching contributions to the plan in 2024 of approximately \$86 thousand.

7. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024, donor restricted net assets consisted of the following (in thousands of dollars):

Subject to expenditure for specified purpose:

Scholarships	\$ 1,098
Sponsorships	149
Restoration of aircraft and exhibits	<u>638</u>
	1,885

Subject to time restrictions

355

Subject to the Foundation's spending policy and appropriation:

Endowment funds restricted in perpetuity	6,916
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Subject to restriction in perpetuity:

Beneficial interest in perpetual trust	<u>1,286</u>
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	<u><u>\$ 10,442</u></u>
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NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

8. ENDOWMENT FUNDS

The following depicts the endowment funds (in thousands of dollars), as well as the activity for the endowment funds, for the year ended December 31, 2024:

Endowment net assets, beginning of year	\$ 8,134
Contributions	
Release of restrictions on beneficial interest	(32)
Gain on beneficial interest in perpetual trust	100
	100
Endowment net assets, end of year	\$ 8,202

9. REVENUE RECOGNITION

At December 31, 2024, deferred revenues totaled \$408 thousand. The performance obligations surrounding the majority of these liabilities at December 31, 2024, will be fully satisfied within one year from the date of the consolidated statement of financial position.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Foundation's financial assets as of December 31, 2024, reduced by amounts not available for general expenditures within one year.

Cash and cash equivalents	\$ 4,962
Accounts receivable	252
Investments	32,510
Beneficial interest in perpetual trust	1,286
	39,010
Total financial assets	39,010
Contractual or donor-imposed restrictions:	
Endowment fund investments	(6,916)
Beneficial interest in perpetual trust	(1,286)
Other donor restrictions	(2,240)
	(10,442)
Financial assets available to meet cash needs for expenditures within one year	\$ 28,568

NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

11. COMMITMENTS AND CONTINGENCIES

Lease Agreement

The Foundation has a lease agreement with Naval Facilities Engineering Command Atlantic (NAVFAC LANT) for the use of the NFA building. The lease is effective until December 31, 2061. Under the terms of the lease, the Foundation does not pay rent but is responsible for insuring the NFA building as well as funding maintenance costs. This agreement also governs operational programs conducted at the Museum and NFA by NAMF. Additionally, NAMF must file an annual financial report with the U.S. Navy and make provision in its annual budget to provide fiscal support of Museum programs.

Litigation

The Foundation is subject to a variety of claims and lawsuits that arise from time to time in the ordinary course of business. In the opinion of management, there are no lawsuits or claims outstanding that could have a material adverse effect on the financial position or activities of the Foundation.

12. RELATED PARTY TRANSACTIONS

The Foundation received contributions of approximately \$109 thousand from its trustees and related committees during 2024.

SUPPLEMENTARY INFORMATION

**NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2024**

State Grantor, Pass-through Grantor Project Title	CSFA Number	Contract / Grant Number	State Expenditures	Passed Through to Subrecipients
State of Florida Department of Education				
School and Instructional Enhancement Programs				
National Flight Academy	48.040	176-98102-4Q001	\$ 395,029	\$ -
School and Instructional Enhancement Programs				
National Flight Academy	48.040	176-98102-5P001	161,848	-
School and Instructional Enhancement Programs				
Flight Adventure Deck a STEM to STAY Education & Scholarship	48.040	176-94710-4D001	973,911	-
			<u>1,530,788</u>	<u>-</u>
State of Florida Department of Highway Safety and Motor Vehicles				
Blue Angels Specialty License Plate	76.145		392,540	-
Total Expenditures of State Financial Assistance			<u>\$ 1,923,328</u>	<u>\$ -</u>

See notes to the schedule of expenditures of state financial assistance.

**NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2024**

1. BASIS OF PRESENTATION

The information in the accompanying schedule of expenditures of state financial assistance (the Schedule) is presented in accordance with the requirements of Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Naval Aviation Museum Foundation, Inc. and Subsidiary (the Foundation), it is not intended to, and does not, present the financial position, results of operations, changes in equity and cash flows of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule includes the state grant activity of the Foundation for the year ended December 31, 2024. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

**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**

To the Board of Directors
Naval Aviation Museum Foundation, Inc. and Subsidiary
Pensacola, Florida

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 consolidated financial statements of Naval Aviation Museum Foundation, Inc. and Subsidiary (the Foundation) (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (the financial statements), and have issued our report thereon dated July 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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 the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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 financial statements. 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
July 22, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR THE MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.650, RULES OF THE STATE OF FLORIDA AUDITOR GENERAL**

To the Board of Directors
Naval Aviation Museum Foundation, Inc. and Subsidiary
Pensacola, Florida

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Naval Aviation Museum Foundation, Inc. and Subsidiary's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the Foundation's major state project for the year ended December 31, 2024. The Foundation's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2024.

Basis for Opinion on the Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the State of Florida Auditor General*. Our responsibilities under those standards and Chapter 10.650, *Rules of the State of Florida Auditor General*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state project. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the State of Florida Auditor General*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the State of Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the State of Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
July 22, 2025

**NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? _____ Yes X No
Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____ Yes X None reported
Noncompliance material to financial statements
noted? _____ Yes X No

State Project:

Internal control over the major state project:
Material weakness(es) identified? _____ Yes X No
Significant deficiency(ies) identified that are
not considered to be material weakness(es)? _____ Yes X None reported
Type of auditors' report issued on compliance
for the major state project: Unmodified
Any audit findings disclosed that are required to be
reported in accordance with the Chapter 10.650,
Rules of the State of Florida Auditor General? _____ Yes X No

Identification of the major state project:

State Project

State Assistance Listing Number 48.040 School and Instructional Enhancement Programs

Dollar threshold used to distinguish
between type A and type B major state project: \$ 576,998

2. FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no findings which were required to be reported in accordance with *Government Auditing Standards*.

3. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECT

There were no findings which were required to be reported in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*.

**NAVAL AVIATION MUSEUM FOUNDATION, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

4. OTHER MATTER

In accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, no summary schedule of prior audit findings is required because there were no prior audit findings related to state projects.

No management letter is required because there were no findings required to be reported in the management letter.