

**FINANCIAL STATEMENTS**

**FOUNDATION FOR THE  
NATIONAL ARCHIVES**

**FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2012**

FOUNDATION FOR THE NATIONAL ARCHIVES

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Foundation for the National Archives  
Washington, D.C.

We have audited the accompanying financial statements of the Foundation for the National Archives (the Foundation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and change in net assets, functional expenses 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. 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 the Foundation as of December 31, 2013, and the change 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.

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**FOUNDATION FOR THE NATIONAL ARCHIVES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2013**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012**

<b>ASSETS</b>		<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 2,504,876	\$ 7,134,758
Accounts receivable		11,037	94,559
Pledges receivable, net of allowance for doubtful accounts (Note 2)		687,882	829,177
Inventory, net of allowance for obsolete inventory of \$0 and \$142,795 for 2013 and 2012, respectively		722,489	807,595
Prepaid expenses		<u>29,370</u>	<u>291,178</u>
Total current assets		<u>3,955,654</u>	<u>9,157,267</u>
<b>FIXED ASSETS</b>			
Equipment		167,729	155,210
Less: Accumulated depreciation		<u>(98,341)</u>	<u>(62,801)</u>
Net fixed assets		<u>69,388</u>	<u>92,409</u>
<b>NON-CURRENT ASSETS</b>			
Long-term pledges receivable (Note 2)		<u>623,196</u>	<u>92,375</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 4,648,238</u></b>	<b><u>\$ 9,342,051</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 398,379	\$ 532,872
Accrued salaries and benefits		<u>103,533</u>	<u>194,244</u>
Total current liabilities		<u>501,912</u>	<u>727,116</u>
<b>NET ASSETS</b>			
Unrestricted		1,506,485	1,832,106
Temporarily restricted (Note 3)		<u>2,639,841</u>	<u>6,782,829</u>
Total net assets		<u>4,146,326</u>	<u>8,614,935</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 4,648,238</u></b>	<b><u>\$ 9,342,051</u></b>

See accompanying notes to financial statements.

## FOUNDATION FOR THE NATIONAL ARCHIVES

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012**

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Support:				
Contributions and grants	\$ 47,266	\$ 2,910,820	\$ 2,958,086	\$ 1,329,434
Contributed goods and services (Note 5)	285,258	95,520	380,778	898,579
Membership dues	954,682	-	954,682	744,133
Net assets released from donor restrictions (Note 4)	<u>7,149,328</u>	<u>(7,149,328)</u>	<u>-</u>	<u>-</u>
Total support	<u>8,436,534</u>	<u>(4,142,988)</u>	<u>4,293,546</u>	<u>2,972,146</u>
Revenue:				
Archives shop revenue, net of cost of goods sold of \$875,908 and \$985,874 for 2013 and 2012, respectively	1,208,420	-	1,208,420	1,406,029
Interest income	1,616	-	1,616	5,450
Exhibition revenue	155,108	-	155,108	310,520
Miscellaneous	<u>57,761</u>	<u>-</u>	<u>57,761</u>	<u>3,313</u>
Total revenue	<u>1,422,905</u>	<u>-</u>	<u>1,422,905</u>	<u>1,725,312</u>
Total support and revenue	<u>9,859,439</u>	<u>(4,142,988)</u>	<u>5,716,451</u>	<u>4,697,458</u>
<b>EXPENSES</b>				
Program Services:				
National Archives Experience	5,701,976	-	5,701,976	3,274,957
Museum Activities	779,564	-	779,564	653,040
Theater Programs	201,148	-	201,148	204,152
Education	594,798	-	594,798	145,943
Publications	71,614	-	71,614	83,635
Exhibitions	712,334	-	712,334	1,098,687
Archives Shop	<u>772,981</u>	<u>-</u>	<u>772,981</u>	<u>782,588</u>
Total program services	<u>8,834,415</u>	<u>-</u>	<u>8,834,415</u>	<u>6,243,002</u>
Supporting Services:				
General and Administrative	785,183	-	785,183	985,495
Fundraising	<u>565,462</u>	<u>-</u>	<u>565,462</u>	<u>579,480</u>
Total supporting services	<u>1,350,645</u>	<u>-</u>	<u>1,350,645</u>	<u>1,564,975</u>
Total expenses	<u>10,185,060</u>	<u>-</u>	<u>10,185,060</u>	<u>7,807,977</u>
Change in net assets before other item	(325,621)	(4,142,988)	(4,468,609)	(3,110,519)
<b>OTHER ITEM</b>				
Allowance for obsolete inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,795)</u>
Change in net assets	(325,621)	(4,142,988)	(4,468,609)	(3,253,314)
Net assets at beginning of year	<u>1,832,106</u>	<u>6,782,829</u>	<u>8,614,935</u>	<u>11,868,249</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,506,485</u></b>	<b><u>\$ 2,639,841</u></b>	<b><u>\$ 4,146,326</u></b>	<b><u>\$ 8,614,935</u></b>

See accompanying notes to financial statements.

## FOUNDATION FOR THE NATIONAL ARCHIVES

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012**

	<b>2013</b>				
	<b>Program Services</b>				
	<b>National Archives Experience</b>	<b>Museum Activities</b>	<b>Theater Programs</b>	<b>Education</b>	<b>Publications</b>
Salaries and benefits (Note 6)	\$ 209,115	\$ 137,776	\$ 47,809	\$ 23,175	\$ 38,718
Printing	54,111	14,131	9,490	2,660	26,889
Professional fees	5,260,557	323,355	64,217	509,289	180
Occupancy	-	-	-	-	-
Insurance	-	-	-	-	-
Travel and entertainment	21,411	1,944	13,283	301	80
Postage and delivery	4,883	2,235	736	320	2,504
Supplies	15,877	14,606	486	6,492	1,828
Dues and subscriptions	-	2,460	-	-	-
Shop operating expenses	5,654	-	-	-	-
Depreciation	-	-	-	-	-
Advertising and promotion (Notes 5 and 7)	126,407	270,964	58,745	-	-
Bad debt expense	-	-	-	-	-
Miscellaneous	1,000	-	-	-	46
Equipment	-	3,325	-	11,630	-
Awards	-	-	-	40,850	-
Contracts	-	6,209	-	-	-
Legal (Note 5)	-	-	-	-	-
Accounting/Audit	-	-	-	-	-
Telephone	221	61	-	-	-
Meetings and conventions	2,740	2,498	6,382	81	750
Membership dues	-	-	-	-	619
<b>TOTAL</b>	<b>\$ 5,701,976</b>	<b>\$ 779,564</b>	<b>\$ 201,148</b>	<b>\$ 594,798</b>	<b>\$ 71,614</b>

								2012
			Supporting Services					
Exhibitions	Archives Shop	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses	
\$ 132,425	\$ 599,182	\$ 1,188,200	\$ 276,334	\$ 336,187	\$ 612,521	\$ 1,800,721	\$ 1,992,306	
27,311	657	135,249	7,937	28,931	36,868	172,117	123,836	
376,198	9,656	6,543,452	139,789	132,136	271,925	6,815,377	3,910,851	
-	-	-	-	-	-	-	337,449	
-	-	-	9,448	-	9,448	9,448	9,579	
6,617	6,803	50,439	2,900	9,538	12,438	62,877	67,593	
7,314	40,555	58,547	2,074	4,465	6,539	65,086	144,648	
15,254	28,284	82,827	11,202	3,672	14,874	97,701	82,837	
-	1,147	3,607	1,828	1,385	3,213	6,820	6,392	
-	-	5,654	-	-	-	5,654	-	
-	35,540	35,540	-	-	-	35,540	2,733	
139,735	2,969	598,820	2,298	1,371	3,669	602,489	575,082	
-	-	-	25,000	-	25,000	25,000	3,422	
-	1,207	2,253	18,130	10,808	28,938	31,191	19,460	
-	144	15,099	1,792	-	1,792	16,891	104,004	
-	-	40,850	-	-	-	40,850	32,528	
2,000	-	8,209	-	-	-	8,209	125,700	
-	-	-	230,598	-	230,598	230,598	179,800	
-	45,962	45,962	48,059	7,789	55,848	101,810	81,944	
-	-	282	270	-	270	552	-	
5,045	875	18,371	7,524	29,180	36,704	55,075	7,813	
435	-	1,054	-	-	-	1,054	-	
<b>\$ 712,334</b>	<b>\$ 772,981</b>	<b>\$ 8,834,415</b>	<b>\$ 785,183</b>	<b>\$ 565,462</b>	<b>\$ 1,350,645</b>	<b>\$ 10,185,060</b>	<b>\$ 7,807,977</b>	



## FOUNDATION FOR THE NATIONAL ARCHIVES

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (4,468,609)	\$ (3,253,314)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	35,540	2,733
(Increase) decrease in:		
Accounts receivable	83,522	(48,719)
Pledges receivable	(389,526)	6,513,880
Inventory	85,106	72,531
Prepaid expenses	261,808	(107,169)
Increase (decrease) in:		
Accounts payable	(134,493)	264,398
Accrued salaries and benefits	<u>(90,711)</u>	<u>52,459</u>
Net cash (used) provided by operating activities	<u>(4,617,363)</u>	<u>3,496,799</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(12,519)</u>	<u>(88,837)</u>
Net cash used by investing activities	<u>(12,519)</u>	<u>(88,837)</u>
Net (decrease) increase in cash and cash equivalents	(4,629,882)	3,407,962
Cash and cash equivalents at beginning of year	<u>7,134,758</u>	<u>3,726,796</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,504,876</u></b>	<b><u>\$ 7,134,758</u></b>

FOUNDATION FOR THE NATIONAL ARCHIVES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Foundation for the National Archives (the Foundation), a 501(c)(3) organization, is directed by men and women from the private sector who are dedicated to the institution that holds and preserves the records of the United States of America. The National Archives is guardian of the nation's most important and treasured documents. At the heart of its holdings are the Charters of Freedom: the Declaration of Independence, the Constitution and the Bill of Rights. These documents exist as the cornerstone of our society.

It is the mission of the Foundation to create public awareness of the importance of the National Archives as a cultural resource in the American democracy - a place where historians, seekers of justice and private citizens can find evidence on which truth is based.

The Foundation was created to support the Archivist of the United States in developing programs, technology, projects and materials that will introduce and interpret the Archives collection to the American people and to people around the world. The purpose of the Foundation is to educate, enrich and inspire a deeper appreciation of our country's heritage through the collected evidence of its history.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts receivable -

Accounts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Pledges receivable -

Pledges receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer. Pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

FOUNDATION FOR THE NATIONAL ARCHIVES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Fixed assets -

Fixed assets in excess of \$5,000 are stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

Uncertain tax position -

For the year ended December 31, 2013, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Inventory -

Inventory consists of shop inventory, which is recorded at the lower of cost or market value, using the first-in, first-out method of inventory. The Foundation reviews the value of their inventory on an annual basis. If inventory is deemed to be slow moving or obsolete, the Foundation will set up an allowance. There is no allowance at December 31, 2013.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contributed goods and services -

In-kind contributions consist of donated office space, legal services, and advertising. The value of the in-kind contributions is recorded at fair market value.

## FOUNDATION FOR THE NATIONAL ARCHIVES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

## Membership revenue -

The Foundation recognizes member dues on a pro-rata basis over the annual membership period.

## Use of 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**2. PLEDGES RECEIVABLE**

All pledges receivable are considered to be collectible within one-year, unless otherwise stated by the donor. Pledges that will not be collected within one-year have been discounted using an interest rate of 3.25% at December 31, 2013. Following is a summary, by years, of pledges receivable, net of an allowance for doubtful accounts, as of December 31, 2013:

<u>Year Ending December 31,</u>	<u>Discounted Balance</u>	<u>Allowance</u>	<u>Net</u>
2014	\$ 706,833	\$ 18,951	\$ 687,882
2015	561,743	-	561,743
2016	<u>70,353</u>	<u>8,900</u>	<u>61,453</u>
	<u>\$ 1,338,929</u>	<u>\$ 27,851</u>	<u>\$ 1,311,078</u>

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2013:

Museum Programs	\$ 250,000
National Archives Experience	237,947
National Archives Experience II	415,715
Congress Packet	31,228
McGowan Theater Program	109,946
Federal Hall	17,098
Education	1,088,250
Making Their Mark	341,094
Restricted for time	124,097
Iraqi Jewish Archives	8,761
Visiting Exhibits	<u>15,705</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ <u>2,639,841</u></b>

## FOUNDATION FOR THE NATIONAL ARCHIVES

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**4. NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions, at December 31, 2013, by either incurring expenses or the passage of time, which satisfied the restricted purposes specified by the donors. Releases consisted of the following:

National Archives Experience	\$ 60,538
National Archives Experience II	5,481,532
Thomas Jefferson Educational Project	26,569
Congress Packet	51,207
Treasures of Congress	7,033
Federal Hall	7,790
Special events	315,555
McGowan Theater Program	145,500
Guggenheim Center	5,925
National History Day	11,200
Education	561,750
Emancipation Proclamation	117,158
Making their Mark	74,652
Iraqi Jewish Archives	16,239
Docuamerica	122,094
Audience Development	<u>144,586</u>

**TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS \$ 7,149,328**

**5. CONTRIBUTED GOODS AND SERVICES**

The Foundation recognized in-kind contribution revenue of \$257,007 in 2013. To properly reflect expenses, the contributions have also been reflected in the appropriate natural expense category in the Statement of Functional Expenses. Contributed goods and services consisted of the following at December 31, 2013:

Legal	\$ 106,827
Advertising	142,400
Other	<u>7,780</u>

**TOTAL CONTRIBUTED GOODS AND SERVICES \$ 257,007**

**6. PENSION PLAN**

The Foundation offers a 401(k) plan for all eligible employees. All full-time employees are eligible to participate in the plan after six months of employment at the Foundation. The Foundation matches all contributions up to five percent. For the year ended December 31, 2013, the Foundation contributed \$44,497 to the plan.

**7. ADVERTISING**

The Foundation does significant advertising to promote the National Archives. The advertisements are done in visitor's guides and in Metro stations, as well as over the radio. In 2013, the Foundation spent \$602,489 on advertisements. All costs associated with advertising are expensed in the year they are incurred.

**FOUNDATION FOR THE NATIONAL ARCHIVES**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**7. ADVERTISING (Continued)**

Included in the above mentioned amount, the Foundation received donated services related to advertising valued at \$142,400. This amount is reflected in advertising expense in the Statement of Functional Expenses.

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through , the date the financial statements were issued.