

PBY MEMORIAL FOUNDATION
Financial Statements
For the year ended
December 31, 2012

**PBY Memorial Foundation
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December 31, 2012**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

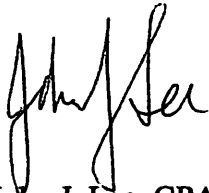
To the Board of Directors

PBY Memorial Foundation
Oak Harbor, Washington

We have compiled the accompanying statement of Financial Position as of December 31, 2012 and the related statement of Activities, Statement of Functional Expenses, and Statement of Cash Flows as of December 31, 2012. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.



John J. Lee, CPA

July 12, 2013

PBY MEMORIAL FOUNDATION
 STATEMENT OF FINANCIAL POSITION
 FOR YEAR
 ENDED DECEMBER 31, 2012

ASSETS

Current Assets		\$21,735
Cash-Peoples		3,000
Inventory		<u> </u>
Total Current Assets		24,735
Plant, Property and Equipment		
Planes	<u>94,051</u>	
Less: Accumulated Depreciation	<u> -</u>	
Total Plant, Property and Equipment		<u>94,051</u>
TOTAL ASSETS		<u><u>\$118,786</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Loan-Mr Hodgkins		9,900
Sales Tax Payable		<u>662</u>
Total Current Liabilities		10,562
Long Term Liabilities		-
Net Assets		
Unrestricted		108,224
Temporarily Restricted		-
Permanently Restricted		<u> -</u>
Total Net Assets		108,224
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$118,786</u></u>

See Independent accountant's compilation report and accompanying notes

**PBY MEMORIAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR YEAR ENDED
DECEMBER 31, 2012**

UNRESTRICTED NET ASSETS			
INCOME			
Gift Shop Income		\$ 7,501	
TOTAL INCOME		<u>7,501</u>	
 COST OF GOODS SOLD			
Purchases	<u>2,985</u>		
TOTAL COST OF GOODS SOLD		<u>2,985</u>	
 GROSS PROFIT			 \$ 4,516
 SUPPORT			
Donations - Individual	16,559		
Grant-Island Thrift	3,000		
MLM Fund	2,016		
- Phase IV Donations	<u>6,261</u>		27,836
TOTAL SUPPORT			
 Membership Dues		6,265	
Signage		2,000	
Raffles		845	
Interest		<u>20</u>	\$ 9,130
 TOTAL SUPPORT			 \$ 41,482
 EXPENSES			
Program Services		13,202	
Management and general		7,532	
Fundraising		<u>4,641</u>	
TOTAL EXPENSES			<u>\$ 25,375</u>
 INCREASE IN UNRESTRICTED NET ASSETS			 16,107
 NET ASSETS, beginning of year			 <u>92,117</u>
 NET ASSETS, end of year			 <u><u>\$108,224</u></u>

See independent accountant's compilation report and accompanying notes

**PBY MEMORIAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2012**

	Program Services	Management and General	Fund Raising	Total
Advertising	\$ 1,241	\$ -	\$ 1,241	\$ 2,481
Auto Expense	100	-	100	200
Computer Expense	741	741	741	2,223
Credit Card Fees	-	-	150	150
Donations	120	-	-	120
Dues and Subscriptions	-	265	-	265
Fundraising	-	-	1,016	1,016
Grants	3,000	-	-	3,000
Meals & Entertainment	35	-	-	35
Office Expense	-	2,724	-	2,724
Postage	558	558	558	1,674
Supplies	369	-	370	739
Telephone	465	465	465	1,395
Insurance	1,605	1,605	-	3,210
Phase IV Cost	4,970	-	-	4,970
Utilities	-	1,174	-	1,174
Total	\$ 13,202	\$ 7,532	\$ 4,641	\$ 25,375

See independent accountant's compilation report and accompanying notes

PBY MEMORIAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$16,107
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Depreciation and Amortization expense	-
Changes in operating assets and liabilities:	
(Increase) decrease in Inventory	-
Increase (decrease) in Sales Taxes Payable	662
NET INCREASE IN CASH FROM OPERATING ACTIVITIES	<u>\$16,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property Plant, and Equipment	(29,051)
NET CASH USED IN INVESTING ACTIVITIES	<u>(29,051)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds From Loan	19,800
Loan Repayments	(26,025)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>(6,225)</u>
NET INCREASE IN CASH	(18,507)
Cash - Beginning of period	<u>40,242</u>
Cash - End of period	<u><u>\$21,735</u></u>

See independent accountant's compilation report and accompanying notes

**PBY MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
12-31-2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PBY Memorial Foundation is a Washington not-for-profit corporation whose purpose is the preservation of Naval Aviation History, specifically the PBY Seaplane, inclusive of all naval aviation history attached to the Naval Air Station at Whidbey Island. The history is displayed at the Foundation's museum through photos, aircraft models, artifacts and other treasures.

DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 12, 2013, the date that the financial statements were available to be issued.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CASH AND CASH EQUIVALENTS

For the purpose of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

THE METHOD OF ACCOUNTING

The method of accounting used is the accrual basis of accounting and accordingly, reflects all significant receivables and payables.

EXPENSE ALLOCATION

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

PBY MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
12-31-2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

FEDERAL INCOME TAXES

The organization is a nonprofit organization exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is reflected in these financial statements.

PLANT, PROPERTY AND EQUIPMENT

Plant, Property and Equipment acquired by PBY Memorial Foundation are considered to be owned by PBY Memorial Foundation. PBY Memorial Foundation capitalizes at cost all long lived assets. All renovations and refurbishments are capitalized and not depreciated since the planes are considered historical artifacts and does not merit depreciation treatment.

INVENTORY

Inventory is calculated using the first in- first out method. Inventory as of December 31, 2012 was \$3,000.

ADVERTISING EXPENSE

PBY Memorial Foundation expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2012 was approximately \$2,481.

PBY MEMORIAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
12-31-2012

NOTE 2 – LOAN PAYABLE

PBY Memorial Foundation signed an installment agreement with Alan Hodgkins for the purchase of major plane parts. The total sales price was \$19,800, interest free. The note matures December 31, 2013. The balance as of December 31, 2012 is \$9,900.

NOTE 3- NAVY LICENSE

PBY Memorial Foundation obtained a navy license from the Department of the Navy so PBY has use of the Navy's parking lot located near building 12 of the Seaplane base on Whidbey Island. This one year license allows PBY Memorial Foundation to temporarily locate the PBY Plane until a permanent location is determined. Article 9 of the license requires PBY to provide insurance coverage for the license.

Name of the organization

PBY MEMORIAL FOUNDATION

Employer identification number

91-1959959

Total \$ 65,000 \$ 97,051

Form 990-EZ, Part II, Line 26 - Other Liabilities

Description	Beg. of Year	End of Year
Accounts Payable and Accrued Expenses	\$ 0	\$ 662
LOAN PAYABLE	\$ 16,125	\$ 0
HODGKINS LOAN	\$ 0	\$ 9,900

Form 990-EZ, Part III - Primary Exempt Purpose

PRESERVATION OF NAVAL AVIATION HISTORY; SPECIFICALLY THE PBY SEAPLANE, INCLUSIVE OF ALL NAVAL AVIATION HISTORY ATTACHED TO THE NAVAL AIR STATION AT WHIDBEY ISLAND. THE HISTORY IS DISPLAYED AT THE MUSEUM THROUGH PHOTOS, AIRCRAFT MODELS, ARTIFACTS, AND OTHER TREASURES.

Form 990-EZ, Part III, Line 28 - First Accomplishment

PRESERVATION OF NAVAL AVIATION HISTORY; SPECIFICALLY THE PBY SEAPLANE, INCLUSIVE OF ALL NAVAL AVIATION HISTORY ATTACHED TO THE NAVAL AIR STATION AT WHIDBEY ISLAND. THE HISTORY IS DISPLAYED AT THE MUSEUM THROUGH PHOTOS, AIRCRAFT MODELS, ARTIFACTS, AND OTHER TREASURES.