

CEC/SEABEE HISTORICAL FOUNDATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022



CEC/SEABEE HISTORICAL FOUNDATION, INC.
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ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

April 18, 2023

To the Officers and Board of Trustees
CEC/Seabee Historical Foundation, Inc.
Gulfport, Mississippi

Opinion

We have audited the financial statements of CEC/Seabee Historical Foundation, Inc. (Foundation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CEC/Seabee Historical Foundation, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CEC/Seabee Historical Foundation, Inc. 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 opinion.

Responsibilities of Management for the Financial Statements

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 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.

Officers and Board of Trustees
CEC/Seabee Historical Foundation, Inc.
Gulfport, Mississippi

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, 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 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 CEC/Seabee Historical Foundation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CEC/Seabee Historical Foundation, Inc.'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.

Alexander Van Loon, Sloan, Levens, & Favre, PLLC

ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

FINANCIAL STATEMENTS

CEC/SEABEE HISTORICAL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 104,559
Cash and cash equivalents, designated	210,309
Unconditional promises to give, unrestricted	75,000
Unconditional promises to give, unrestricted, related party	4,104
Investment in mutual funds	178,651
Accounts receivable, related party	<u>12,091</u>
Total current assets	<u>584,714</u>

NON-CURRENT ASSETS

Long-term unconditional promises to give, unrestricted	<u>21,389</u>
Total non-current assets	<u>21,389</u>

PROPERTY AND EQUIPMENT

Equipment	16,016
Furniture and fixtures	<u>3,669</u>
Total property and equipment	19,685
Less: accumulated depreciation	<u>(18,422)</u>
Net property and equipment	<u>1,263</u>

TOTAL ASSETS

\$ 607,366

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 6,065
Accrued payroll and related liabilities	<u>2,680</u>
Total current liabilities	<u>8,745</u>

TOTAL LIABILITIES

8,745

NET ASSETS

Without donor restrictions:	
Invested in property and equipment	1,263
Undesignated	<u>597,358</u>
Total without donor restrictions	<u>598,621</u>
Total net assets	<u>598,621</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 607,366

The accompanying notes are an integral part of these financial statements.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

**REVENUE AND OTHER SUPPORT
WITHOUT DONOR RESTRICTIONS**

Contributions, general	\$ 1,395,438
Contributions, in-kind	4,513
Contributions, related party	44,429
Membership dues	41,776
Interest and dividend income	4,810
Loan forgiveness	68,050
Loan forgiveness, related parties	6,102
Loss on fixed asset disposal	(4,009)
Unrealized loss on investments	(25,939)
Total revenue and other support without donor restrictions	1,535,170

EXPENSES

Program services	252,545
Fund raising, general	28,949
Fund raising, special events	24,670
General and administrative	63,208
Depreciation	1,671
Total	371,043

**CHANGE IN NET ASSETS
WITHOUT DONOR RESTRICTIONS**

1,164,127

NET ASSETS, BEGINNING OF YEAR

(565,506)

NET ASSETS, END OF YEAR

\$ 598,621

The accompanying notes are an integral part of these financial statements.

CEC/SEABEE HISTORICAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Fundraising	General and Administrative	Total
Administrative contract services	\$ 7,907	\$ -	\$ 1,977	\$ 9,884
Bank fees	3,827	-	5,112	8,939
Consulting services	5,707	5,707	-	11,414
Insurance	-	-	5,240	5,240
Interest	-	-	5,215	5,215
Office supplies	11,265	-	3,498	14,763
Other expenses	3,333	-	-	3,333
Payroll and taxes	110,178	5,781	12,884	128,843
Postage	4,300	4,300	2,150	10,750
Professional services	24,836	-	23,084	47,920
Printing and publications	15,585	-	-	15,585
Registration fees	-	14,387	-	14,387
Rent, in-kind	-	-	2,835	2,835
Related party contributions	26,646	544	1,213	28,404
Special events	37,747	21,686	-	59,433
Travel	1,213	1,214	-	2,427
TOTAL EXPENSES	\$ 252,545	\$ 53,619	\$ 63,208	\$ 369,372

The accompanying notes are an integral part of these financial statements.

CEC/SEABEE HISTORICAL FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions, grants, and memberships	\$ 1,487,065
Cash paid for program and support services	(242,503)
Cash paid to employees	(117,497)
Interest paid	(5,215)
Interest received	193
Dividends received	4,301
	1,126,344

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(204,590)
	(204,590)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal paid on note payable	(1,121,184)
	(1,121,184)
Decrease in cash and cash equivalents	(199,430)
Cash and cash equivalents, beginning of year	514,298
Cash and cash equivalents, end of year	\$ 314,868

**RECONCILIATION OF CASH AND CASH
EQUIVALENTS PER STATEMENT OF CASH FLOWS
TO STATEMENT OF FINANCIAL POSITION**

Cash and cash equivalents	\$ 104,559
Cash and cash equivalents, designated	210,309
	\$ 314,868

NONCASH FINANCING TRANSACTION

Related party forgiveness of debt	\$ 6,102
	\$ 68,050

CEC/SEABEE HISTORICAL FOUNDATION, INC.
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

**RECONCILIATION OF CHANGE IN NET ASSETS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	<u>\$ 1,164,127</u>
Adjustments reconciling the change in net assets to net cash provided by operating activities:	
Depreciation	1,671
Loss on disposal of fixed asset	4,009
Unrealized loss on investments	25,939
Loan forgiveness	(68,050)
Loan forgiveness, related party	(6,102)
Bad debt	3,333
(Increase) decrease in assets:	
Unconditional promises to give	12,684
Accounts receivable, related party	(12,091)
Increase (decrease) in liabilities:	
Accounts payable	(1,075)
Payroll and related liabilities	<u>1,899</u>
Total adjustments	<u>(37,783)</u>
Net cash provided by operating activities	<u><u>\$ 1,126,344</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The CEC/Seabee Historical Foundation, Inc. (Foundation) is a non-profit organization whose purpose is to ensure that the proud heritage and rich history of the Navy's Civil Engineer Corps (CEC) and the Navy's military construction force, the Seabees, are properly documented, preserved and maintained. The primary goal of the Foundation is to maintain public awareness of the contributions and accomplishments of the Seabees and the Civil Engineer Corps. The Foundation accomplishes this mission through the support of the Seabee museums, various programs and newsletters. The Foundation is the private support arm of the U. S. Navy Seabee Museum. The U. S. Navy Seabee Museum is located in Port Hueneme, California and is operated by the United States Department of the Navy.

The Foundation was founded in September 1991 and is governed by a board of up to 33 trustees. At December 31, 2022, the board consists of 32 trustees. The Foundation is managed on a day-to-day basis by its Executive Director. The Foundation's headquarters are located in Gulfport, Mississippi.

In March 2000, the Foundation began a \$12 million campaign to generate capital funds for the construction of a new museum at Port Hueneme, California, to replace the previous facility. On June 6, 2008, September 3, 2009, and August 4, 2010, the Foundation gave \$10 million, \$1.2 million, and \$758,000, respectively, to the United States Department of the Navy for the construction of the U. S. Navy Seabee Museum in Port Hueneme, California. The U. S. Navy Seabee Museum building construction was completed in October 2010.

In May 2019, the Foundation received a gift donation of 100% ownership of the U.S. Navy Seabee Museum Exhibit Design/Intellectual Property and Design Documentation, valued at \$500,000. As stipulated in the gift documents, the Foundation gifted the Exhibit Design/Intellectual Property and Design Documentation to the U.S. Navy for use in the development of the U.S. Navy Seabee Museum Master Plan for accreditation with the American Alliance of Museums.

Related Entity

The Foundation performs limited administrative services for the Seabee Memorial Scholarship Association, Inc. (Association), a separate corporation. These administrative services consist primarily of processing donations and pledge payments mailed to the Association's post office box located in Gulfport, Mississippi and maintaining the Association's donor records in a database. The Foundation and the Association also share three employees, executive director, administrative assistant, and marketing and development coordinator. Contributions are made between the entities to supplement their respective operating costs. The results of the Association's operations have not been reflected in these financial statements.

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America under the accrual basis of accounting. The accrual basis of accounting is the method of accounting under which liabilities and expenses are recorded when incurred, whether or not paid, and income is recorded when earned, whether or not received.

The Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of without donor restrictions. In addition, the Foundation is required to present a statement of cash flows. As permitted, the Foundation does not use fund accounting.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When donor restrictions are met, these amounts are reclassified to net assets without donor restrictions. However, if a restriction is fulfilled in the same year in which the contribution is received, the Foundation reports that support as unrestricted.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law, and contributions to the Foundation are tax deductible within the limitations prescribed by the IRC.

The Foundation has implemented the accounting requirements associated with uncertainty in income taxes using the provision of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of December 31, 2022, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Functional Allocation of Expenses

The cost of providing the Foundation's fund raising, program, and support services has been summarized on a functional basis in the statement of activities. Certain costs, including payroll and other office expenses, are allocated among the functional expense categories based on management's analysis of personnel time and expenses for the related activities.

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are defined as demand deposits and savings accounts at local banks, cash accumulation accounts at a local brokerage firm, and highly liquid investments with an original maturity of three months or less when purchased.

Cash and cash equivalents, designated, consist of capital raised for expenses incurred to provide funding to the United States Department of the Navy for permanent exhibits in the U. S. Navy Seabee Museum at Port Hueneme, California. These funds include no long-term donor-imposed stipulations and are therefore considered to be current assets.

Investments

The Foundation records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. There were no changes in the valuation techniques during the current year.

Realized gains and losses related to the sale of investments are recognized as income in the period to which they relate.

Property and Equipment

Property and equipment is stated at original cost. Property and equipment is capitalized if the cost of an item exceeds the minimum value of \$100. Expenditures of major renewals and betterments that extend the useful life of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives for property and equipment used to compute the straight-line method of depreciation are as follows:

<u>Assets</u>	<u>Useful Life</u>
Furniture and Fixtures	5 - 7 years
Equipment	5 - 7 years

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If these assets are considered to be impaired, the impairment loss recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Facilities

The Foundation receives the free use of office space at the United States Department of the Navy's Seabees facilities in Gulfport, Mississippi. Contributions and expenses related to the donated office space amounting to \$2,835 are included in general contributions and general and administrative expenses in the statement of activities.

Unconditional Promises to Give

Debt Relief Campaign

The Foundation's Debt Relief Campaign was designed to solicit promises to give to be paid over time (up to five years). Contributions are recorded at fair value as revenue at the time the promises to give are made.

The allowance for doubtful accounts at year-end represents an estimate based on delinquent promises to give at December 31, 2022. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the existing allowance account. It is management's policy to charge off uncollectible promises to give when it is determined that the receivable will not be collected.

Conditional Promises to Give

Conditional promises to give are recognized by the Foundation as revenues when substantially all the conditions have been met.

Membership Dues

The Foundation offers annual and lifetime memberships to individuals and annual memberships to corporations. Membership dues are recorded as revenues at the time of receipt.

Liquidity and Availability of Financial Assets

The Foundation has \$584,714 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenses, consisting of the following:

Cash and cash equivalents	\$ 104,559
Cash and cash equivalents, designated	210,309
Unconditional promises to give, unrestricted	79,104
Investment in mutual funds	178,651
Accounts receivable, related party	<u>12,091</u>
Total	<u><u>\$ 584,714</u></u>

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2: UNCONDITIONAL PROMISES TO GIVE

In accordance with FASB ASC 958-605, unconditional promises to give, not expected to be collected within one year, are discounted. Unconditional promises to give as of December 31, 2022 consist of the following:

Unconditional promises to give, beginning	\$ 121,730
Current year pledges	75,000
Current year payments on prior year pledges	(64,293)
Current year payments on current year pledges	(25,000)
Current year write-offs	(3,333)
Unconditional promises to give, ending	<u>104,104</u>
Less: discount on pledges	<u>(3,611)</u>
Net unconditional promises to give	100,493
Less: current portion	<u>(79,104)</u>
Long-term unconditional promises to give	<u><u>\$ 21,389</u></u>

The unpaid portion of the unconditional promises to give is expected to be collected as follows:

One year or less	\$ 79,104
2024	<u>21,389</u>
	<u><u>\$ 100,493</u></u>

Pledges receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rates at December 31, 2022 range from 2.75% to 3.00%.

NOTE 3: INVESTMENTS

Mutual Funds

The fair value of investments as of December 31, 2022 is summarized as follows:

	Cost	Fair Value
Mutual funds	<u>\$ 200,289</u>	<u>\$ 178,651</u>

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3: INVESTMENTS (Continued)

Mutual Funds (Continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

All of the Foundation's marketable securities have been valued using Level 1 measurements.

Investment Returns

The following schedule summarizes the investment returns and their classification in the statement of activities for the years ended December 31, 2022:

Dividend income	\$ 4,617
Unrealized loss	<u>(25,939)</u>
Total investment return	<u>\$ (21,322)</u>

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation.

NOTE 4: RELATED PARTY TRANSACTIONS

As of December 31, 2022, the Foundation has approximately \$4,104 in unconditional promises to give made by Officers and Board Members of the Foundation.

The Foundation has contributions to/from Seabee Memorial Scholarship Association included in the statement of activities, as follows:

Contributions from Seabee Memorial Scholarship Association	<u>\$ 44,429</u>
Contributions to Seabee Memorial Scholarship Association	<u>\$ (28,404)</u>

Included in contributions from Seabee Memorial Scholarship Association is a receivable in the amount of \$12,091 at December 31, 2022.

See Note 6 for additional related party transactions related to debt forgiveness.

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5: PROPERTY AND EQUIPMENT

A summary of changes in property and equipment and the related accumulated depreciation is as follows:

Asset	Balance 12/31/2021	Additions	Disposal	Balance 12/31/2022
Equipment	\$ 33,234	\$ -	\$ (17,218)	\$ 16,016
Furniture and fixtures	17,530	-	(13,861)	3,669
Total property and equipment	50,764	-	(31,079)	19,685
Less: accumulated depreciation	(43,821)	(1,671)	27,070	(18,422)
Net property and equipment	\$ 6,943	\$ (1,671)	\$ (4,009)	\$ 1,263

Depreciation expense included in the statement of activities is \$1,671 for the year ended December 31, 2022.

NOTE 6: DEBT

Note Payable

On January 15, 2008 the Foundation executed an unsecured note payable to The H. N. and Francis C. Berger Foundation for \$6,000,000 with a December 31, 2024 maturity date. As of December 31, 2022, the note payable balance was fully paid.

Notes Payable, Related Parties

The following summarizes notes payable, related party activity in the current year:

Notes Payable, Related Party, beginning of year	\$ 265,478
Current year payments	<u>(265,478)</u>
Notes Payable, Related Party, end of year	<u>\$ -</u>

Principal and interest paid on related party loans for the year ending December 31, 2022 was \$265,478 and \$3,215, respectively. Of the amounts recognized as payments of principal and interest, \$6,102 and \$1,627, respectively, were in the form of debt forgiveness from two of the loan holders that is reported as loan forgiveness, related parties in the statement of activities.

CEC/SEABEE HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7: INTENTIONS TO GIVE

The Foundation has received indications of gifts in the form of bequests which are revocable during the donors' lifetime. Due to the uncertain nature of these intentions, the Foundation has not recognized an asset or contribution revenue for these gifts. The estimated total intentions to give approximated \$40,000 at December 31, 2022.

NOTE 8: JOINT COSTS

The Foundation's joint costs activities include maintaining a national database of CEC officers and Seabees, preparing and mailing a quarterly newsletter, conducting seminars highlighting significant events and activities, and producing educational and historical videos and publications. As of December 31, 2022, joint costs of \$195,082 were incurred. Of these costs, \$32,303, \$146,531, and \$16,248 were allocated to fundraising, program services, and general and administrative, respectively, in the statement of activities.

NOTE 9: CONCENTRATIONS

Credit Risk

The Foundation maintains its cash balances in two financial institutions located in Gulfport, Mississippi. The balances at these financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At various times there may be balances in the banks that exceed the FDIC limits. At December 31, 2022, the balance in both financial institutions were fully insured.

Donors

Two donors accounted for approximately 41% of total 2022 contribution revenue. One donor's contribution was in the form of an unconditional promise to give and had a receivable balance of \$50,000 as of December 31, 2022.

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to year end through April 18, 2023, which is the date the financial statements were available to be issued. The following event occurred subsequent to December 31, 2022:

On March 11, 2023, the governing boards of both CEC/Seabee Historical Foundation, Inc. (SHF) and Seabee Memorial Scholarship Association, Inc. (SMSA) approved resolution 2023-01 which adopted their joint task force committee recommendations that a plan of merger be negotiated, drafted, and voted on by both boards to achieve the major (not all inclusive) objectives (a) SHF and SMSA combining into one 501(c)(3) entity; (b) SMSA absorbing SHF's assets and operating as one combined entity under SMSA's existing employee identification number; and (c) a new corporate name be adopted for the combined entity. As of the date of this report, the implementation of this resolution remains under review.