

NAVY SEABEE FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025



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

INDEPENDENT AUDITOR'S REPORT

September 15, 2026

To the Officers and Board of Directors
Navy Seabee Foundation, Inc.
Springfield, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Navy Seabee Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 Navy Seabee Foundation, Inc. as of December 31, 2025, 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 Navy Seabee 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.

To the Officers and Board of Directors
Navy Seabee Foundation, Inc.

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 Navy Seabee 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 Navy Seabee 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 Navy Seabee 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

NAVY SEABEE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,243,468
Investments	8,443,972
Unconditional promises to give, without donor restriction	117,938
Prepaid expenses	<u>2,780</u>
Total current assets	<u>9,808,158</u>

NON-CURRENT ASSETS

Long-term unconditional promises to give, without donor restriction, net	9,832
Investments, with donor restrictions	<u>8,911,393</u>
Total non-current assets	<u>8,921,225</u>

TOTAL ASSETS	<u><u>\$ 18,729,383</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 33,159
Total current liabilities	<u>33,159</u>
Total liabilities	<u>33,159</u>

NET ASSETS

Without donor restrictions:

Board designated, Fallen Seabee Scholarship Fund	226,941
Board designated, U.S. Navy Seabee Museum	585,652
Board designated, scholarships	8,447,556
Undesignated	<u>524,682</u>
Total without donor restrictions	<u>9,784,831</u>

With donor restriction:

Endowment funds	<u>8,911,393</u>
Total with donor restrictions	<u>8,911,393</u>

Total net assets	<u>18,696,224</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 18,729,383

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

NAVY SEABEE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restriction	With Donor Restriction	Total All Funds
REVENUES AND OTHER SUPPORT			
Contributions	\$ 558,941	\$ 670,248	\$ 1,229,189
Contributions, related party	113,941	-	113,941
Other sources	27,897	-	27,897
Interest and dividend income	332,369	-	332,369
Realized gains on investments	207,997	-	207,997
Unrealized gain on investments	1,973,868	-	1,973,868
	<u>3,215,013</u>	<u>670,248</u>	<u>3,885,261</u>
Total revenues and other support			
EXPENSES			
Program services			
Scholarships	676,696	-	676,696
Other program services	586,803	-	586,803
Fundraising	174,419	-	174,419
Fundraising: special events	134,362	-	134,362
General and administrative	153,745	-	153,745
	<u>1,726,025</u>	<u>-</u>	<u>1,726,025</u>
Total			
CHANGE IN NET ASSETS	<u>1,488,988</u>	<u>670,248</u>	<u>2,159,236</u>
NET ASSETS, BEGINNING OF YEAR	<u>8,295,843</u>	<u>8,241,145</u>	<u>16,536,988</u>
NET ASSETS, END OF YEAR	<u><u>\$ 9,784,831</u></u>	<u><u>\$ 8,911,393</u></u>	<u><u>\$ 18,696,224</u></u>

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

NAVY SEABEE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Fundraising	General and Administrative	Total
Accounting and legal services	\$ -	\$ -	\$ 68,227	\$ 68,227
Bank fees	11,796	3,932	3,932	19,660
Calendars	5,696	5,696	-	11,392
Insurance	2,529	92	843	3,464
Legal	-	-	6,102	6,102
Marketing	7,165	6,490	-	13,655
Meetings and conference fees	1,279	767	687	2,733
Miscellaneous	28,378	7,279	744	36,401
Museum support	179,334	-	-	179,334
Office supplies	2,259	541	541	3,341
Payroll and taxes	238,291	113,810	56,807	408,908
Postage	3,076	1,538	513	5,127
Printing	42,667	22,661	314	65,642
Registration fees	16,863	-	-	16,863
Scholarships	676,696	-	-	676,696
Special event	-	134,362	-	134,362
Subscriptions	10,321	-	10,321	20,642
Technology	20,756	5,189	-	25,945
Travel	8,550	5,130	3,420	17,100
Utilities	7,843	1,294	1,294	10,431
TOTAL EXPENSES	\$ 1,263,499	\$ 308,781	\$ 153,745	\$ 1,726,025

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

NAVY SEABEE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions	\$ 1,524,319
Cash paid for program and support services	(1,722,338)
Interest and dividends received	<u>55,833</u>
Net cash used in operating activities	<u>(142,186)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	296,307
Purchase of investments	<u>(411,806)</u>
Net cash used in investing activities	<u>(115,499)</u>
Decrease in cash and cash equivalents	(257,685)
Cash and cash equivalents, beginning of year	<u>1,501,153</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,243,468</u></u>

NONCASH INVESTING ACTIVITIES

Reinvested dividends	<u><u>\$ 276,536</u></u>
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NAVY SEABEE FOUNDATION, INC.
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

**RECONCILIATION OF CHANGE IN NET ASSETS
TO NET CASH USED IN OPERATING ACTIVITIES**

Change in net assets	<u>\$ 2,159,236</u>
Adjustments reconciling the change in net assets to net cash used in operating activities:	
Unrealized gains on investments	(1,973,868)
Reinvested dividends	(276,536)
Realized gains on investments	(207,997)
(Increase) decrease in assets:	
Unconditional promises to give	125,554
Prepaid expenses	(301)
Other current assets	27,738
Decrease in liabilities:	
Accounts payable	<u>3,988</u>
Total adjustments	<u>(2,301,422)</u>
Net cash used in operating activities	<u><u>\$ (142,186)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Navy Seabee Foundation, Inc. (Foundation), a Washington, D.C. corporation, is a non-profit organization whose mission is to preserve and protect the history and legacy of the U.S. Navy Seabees and the U.S. Navy Civil Engineer Corps. The Foundation accomplishes its mission by granting scholarships to deserving family members of Seabees, CEC Officers, and those who served with the Naval Construction Force. Additionally, the Foundation supports the U.S. Navy Seabee Museum as well as other monuments, memorials, and other heritage sites dedicated to the U.S. Navy Seabees.

The Foundation was founded in September 1970 as the Seabee Memorial Association and in 1978 changed its name to Seabee Memorial Scholarship Association, Inc. On October 7, 2023, the Seabee Memorial Scholarship Association changed its name to Navy Seabee Foundation. On December 2, 2023, the CEC/Seabee Historical Foundation's Board of Trustees approved and adopted the plan of merger with Navy Seabee Foundation. As of December 31, 2023, the CEC/Seabee Historical Foundation merger with the Navy Seabee Foundation was fully completed.

The Foundation is governed by a board of up to 30 directors. The Foundation's bylaws, as adopted on September 23, 2023, permit a temporary expansion of the board to allow directors from CEC/Seabee Historical Foundation's board to serve out the remainder of their terms as a director on the board of the Navy Seabee Foundation. This provision expires three years following the date of the merger. At December 31, 2025, the board consisted of 30 directors. The Foundation is managed on a day-to-day basis by its Executive Director. The Foundation's headquarters are located in Springfield, Virginia. The Foundation has an additional location in Gulfport, Mississippi.

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. At December 31, 2025, the Foundation has net assets with donor restrictions that are restricted for the purpose of scholarship funding.

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 states 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, 2025, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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 banks, cash accumulation accounts at a brokerage firm, and highly liquid investments with an original maturity of three months or less when purchased.

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. The amount reported as investments represents investment in mutual funds using quoted prices for identical assets in active markets (level 1). There were no changes in the valuation techniques during the current year.

Investments, with donor restrictions are investments classified as restricted by the donor for specific purposes and reported as net assets with donor restrictions. When donor restrictions are met, these amounts are reclassified to net assets without donor restrictions. If a restriction is fulfilled in the same year in which the contribution is received, the Foundation reports that support as unrestricted.

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

**NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional Promises to Give

The Foundation solicits 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.

Management determines the allowance for uncollectible promises to give 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. The allowance for uncollectible promises to give at year-end represents an estimate based on delinquent promises to give at December 31, 2025.

Conditional Promises to Give

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

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. Accordingly, certain costs have been allocated among the programs and support services benefited based on a combination of specific identification and allocation by management.

Liquidity and Availability of Financial Assets

The Foundation has \$9,805,378 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	\$ 1,243,468
Investments	8,443,972
Unconditional promises to give, without donor restriction	<u>117,938</u>
Total	<u><u>\$ 9,805,378</u></u>

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2: CASH AND INVESTMENTS

Cash and Cash Equivalents

The Foundation's cash and cash equivalents at December 31, 2025 are summarized as follows:

	Amount
Navy Federal Credit Union	\$ 79,188
Hancock Whitney	160,277
Charles Schwab	1,004,003
Total cash and cash equivalents	<u>\$ 1,243,468</u>

Investments

The Foundation's investments in mutual funds and securities at December 31, 2025 are summarized as follows:

	Cost at 12/31/2025	Fair Value at 12/31/2025	Fair Value at 1/1/2025	Current Year Change
Vanguard Index Fund Admin	\$ 957,711	\$ 3,019,772	\$ 2,528,516	\$ 491,256
Vanguard International Term Growth Adm	1,169,325	1,127,789	1,028,591	99,198
Vanguard International Growth Adm	-	-	482,882	(482,882)
Vanguard Short-Term Corp Bnd lx Ad	2,230,485	2,225,854	1,041,050	1,184,804
Vanguard 500 Index Fund Adm	3,908,594	10,228,854	8,681,120	1,547,734
Vanguard Short Term Inflation ETF	738,885	753,096	710,040	43,056
	<u>\$ 9,005,000</u>	<u>\$ 17,355,365</u>	<u>\$ 14,472,199</u>	<u>\$ 2,883,166</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:

- 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 mutual funds and securities have been valued using Level 1 measurements.

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2: CASH AND INVESTMENTS (Continued)

The following summarizes mutual funds investments activity for the year ended December 31, 2025:

	Amount
Balance at beginning of year	\$ 14,472,199
Purchases	547,575
Dividends, reinvested	276,536
Withdrawals	(122,810)
Realized gains	207,997
Unrealized gain	1,973,868
Balance at end of year	<u><u>\$ 17,355,365</u></u>

Investment Return

The following summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividend income (including interest earned on interest bearing cash account)	\$ 332,369	\$ -	\$ 332,369
Realized gain on investments	207,997	-	207,997
Unrealized gain on investments	1,973,868	-	1,973,868
Total investment gain	<u><u>\$ 2,514,234</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,514,234</u></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.

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2: CASH AND INVESTMENTS (Continued)

Overall Investment Objective (Continued)

The following summarizes cash and cash equivalents and mutual fund investments for the year ended December 31, 2025:

	Balance at Beginning of Year	Balance at End of Year	Change Increase (Decrease)	Percentage Increase (Decrease)
Cash and cash equivalents	\$ 1,501,153	\$ 1,243,468	\$ (257,685)	-17%
Investments	7,567,488	8,443,972	876,484	12%
Investments, donor restricted	8,241,145	8,911,393	670,248	8%
Total	<u>\$ 17,309,786</u>	<u>\$ 18,598,833</u>	<u>\$ 1,289,047</u>	7%

The Foundation's management considers the ending balance of \$18,598,833 to be the Foundation's corpus at December 31, 2025.

NOTE 3: 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, 2025 consist of the following:

Unconditional promises to give	\$ 135,775
Less: discount on pledges	(4,063)
Less: allowance for uncollectible promises to give	<u>(3,942)</u>
Net unconditional promises to give	127,770
Less: current portion	<u>(117,938)</u>
Long-term unconditional promises to give	<u>\$ 9,832</u>

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

One year or less	\$ 117,938
2027-2031	<u>17,837</u>
	<u>\$ 135,775</u>

Pledges receivable with due dates extending beyond one year are discounted using U. S. Treasury bill rates for similar term investments. The applicable rates at December 31, 2025 range from 0.53% to 4.13%.

There was no bad debt expense for the year ended December 31, 2025.

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4: RELATED PARTY TRANSACTIONS

As of December 31, 2025, the Foundation has approximately \$590 in unconditional promises to give made by Officers and Board Members of the Foundation. During the current year, Officers and Board Members contributed an additional \$17,622 that is included in contributions in the statement of activities.

NOTE 5: 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 approximate \$1,655,000 at December 31, 2025. The intentions to give consist of \$10,000 to be paid to the Foundation as a beneficiary of a life insurance policy and \$1,645,000 to be paid to the Foundation as gifts in six estate plans.

NOTE 6: ENDOWMENT FUNDS

The Foundation maintains many endowment funds. These funds are held with and without donor restrictions. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Endowment Net Assets and Activity

The Foundation has the following donor-restricted and board-designated endowment-related activities for the year ended December 31, 2025:

With donor restrictions	
Beginning balance	\$ 8,241,145
Contributions	<u>670,248</u>
Ending balance with donor restrictions	<u>8,911,393</u>
Without donor restrictions	
Beginning balance	6,565,320
Contributions	205,850
Investment return	2,348,942
Expenditures	
Scholarship payments	(676,696)
Disbursements	<u>4,140</u>
Ending balance without donor restrictions	<u>8,447,556</u>
Total endowment funds, end of year	<u><u>\$ 17,358,949</u></u>

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6: ENDOWMENT FUNDS (Continued)

Interpretation of Relevant Law

Effective July 1, 2012, the District of Columbia enacted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). The Foundation interprets the current district law regarding the treatment of endowments as the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund that is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effects 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

Funds with Deficiencies

From time to time, the fair value of assets associated with endowment funds with donor-restrictions may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation has no funds with deficiencies at December 31, 2025.

Investment and Spending Policies

The Foundation has investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Under the Foundation's investment and spending policies, endowment assets are invested in a manner that is intended to preserve inflation adjusted values and provide annual budgetary support that is both stable and growing. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both a current yield (interest and dividends) and capital appreciation (realized and unrealized). The Foundation targets a diversified asset allocation, including, but not limited to, equity and fixed income instruments. Greater emphasis is placed on equity investments to achieve its long-term return objectives within prudent risk constraints.

All investment income posted to the endowment funds is available for appropriation for expenditures in accordance with the donors' instructions as stipulated in the scholarship agreements.

NAVY SEABEE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7: NET ASSETS

Net assets with and without donor restrictions are from contributions received from donors for the benefit of scholarship recipients. Endowment fund corpus is donor restricted. Investment earnings and non-endowment funds are without donor restrictions. Net assets consist of the following at December 31, 2025:

Without donor restrictions

Endowment funds corpus and earnings -	
Fallen Seabee Scholarship (net of expenses)	\$ 226,941
Endowment funds corpus and earnings -	
Scholarships (net of expenses)	9,033,208
Non-endowment funds contributions and	
earnings (net of expenses)	<u>524,682</u>
Total funds without donor restriction	<u><u>\$ 9,784,831</u></u>

With donor restrictions

Donor restricted endowment funds corpus	<u>\$ 8,911,393</u>
Total with donor restricted funds	<u><u>\$ 8,911,393</u></u>

NOTE 8: JOINT COSTS

The Foundation's joint costs include activities such as general fundraising appeals, preparing and mailing newsletters and calendars, and coordinating special fundraising events. As of December 31, 2025, joint costs of \$557,183 were incurred. Of these costs, \$168,201, \$320,062, and \$68,920 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. 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 limit. The Foundation did not have an uninsured cash balance at December 31, 2025. Cash accounts at brokerage firms are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the securities are insured by SIPC up to \$500,000. The Foundation's balances at brokerage firms substantially exceed SIPC insurance limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant custodial credit risk related to these securities.

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NOTE 10: COMMITMENT AND CONTINGENCIES

Scholarship Grants and Commitments

The scholarship committee, appointed by the Foundation's Board of Directors, screens applicants for eligibility and awards grants based on scholastic performance and financial need. Annual renewal of the scholarship grants is subject to recipients maintaining required academic standings. The Foundation has committed to providing these scholarships as follows:

<u>Year</u>	<u>Total Amount</u>
2026	\$ 176,100
2027	174,300
2028	177,900
2029	<u>199,800</u>
	<u><u>\$ 728,100</u></u>

NOTE 11: SUBSEQUENT EVENTS

The Foundation has evaluated events occurring subsequent to year end through September 15, 2026, which is the date the financial statements were available to be issued. The following event was identified:

As of May 31, 2026, the Foundation's investment balance had increased by \$1,288,939.