

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2012

Open to Public
Inspection

1 For the **2012** calendar year, or tax year beginning **JUL 1, 2012** and ending **JUN 30, 2013**

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization U.S. NAVAL ACADEMY FOUNDATION, INC. Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite 247 KING GEORGE STREET City, town, or post office, state, and ZIP code ANNAPOLIS, MD 21402 F Name and address of principal officer: BYRON MARCHANT SAME AS C ABOVE	D Employer identification number 23-7003516 E Telephone number 410-295-4100 G Gross receipts \$ 64,630,294. H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527 J Website: ▶ WWW.USNA.COM		
K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶ L Year of formation: 1969 M State of legal domicile: MD		

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>TO SUPPORT, PROMOTE, AND ADVANCE THE MISSION OF THE NAVAL ACADEMY.</u> 2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets. 3 Number of voting members of the governing body (Part VI, line 1a) 3 4 Number of independent voting members of the governing body (Part VI, line 1b) 4 5 Total number of individuals employed in calendar year 2012 (Part V, line 2a) 5 6 Total number of volunteers (estimate if necessary) 6 7a Total unrelated business revenue from Part VIII, column (C), line 12 -38,402. 7b Net unrelated business taxable income from Form 990-T, line 34 -38,402.																											
Revenue	8 Contributions and grants (Part VIII, line 1h) 17,496,994. 9 Program service revenue (Part VIII, line 2g) 28,702,477. 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 1,257,792. 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 1,913,280. 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 4,325,773. 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0. 14 Benefits paid to or for members (Part IX, column (A), line 4) 20,668,066. 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 34,472,737. 16a Professional fundraising fees (Part IX, column (A), line 11e) 11,741,037. b Total fundraising expenses (Part IX, column (D), line 25) 14,740,857. 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 0. 18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 3,712,970. 19 Revenue less expenses. Subtract line 18 from line 12 4,168,589.	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:50%;">Prior Year</th> <th style="width:50%;">Current Year</th> </tr> </thead> <tbody> <tr><td>17,496,994.</td><td>28,702,477.</td></tr> <tr><td>1,257,792.</td><td>1,444,487.</td></tr> <tr><td>1,913,280.</td><td>4,325,773.</td></tr> <tr><td>0.</td><td>0.</td></tr> <tr><td>20,668,066.</td><td>34,472,737.</td></tr> <tr><td>11,741,037.</td><td>14,740,857.</td></tr> <tr><td>0.</td><td>0.</td></tr> <tr><td>3,712,970.</td><td>4,168,589.</td></tr> <tr><td>380,266.</td><td>373,587.</td></tr> <tr><td>2,932,853.</td><td>3,665,385.</td></tr> <tr><td>18,767,126.</td><td>22,948,418.</td></tr> <tr><td>1,900,940.</td><td>11,524,319.</td></tr> </tbody> </table>	Prior Year	Current Year	17,496,994.	28,702,477.	1,257,792.	1,444,487.	1,913,280.	4,325,773.	0.	0.	20,668,066.	34,472,737.	11,741,037.	14,740,857.	0.	0.	3,712,970.	4,168,589.	380,266.	373,587.	2,932,853.	3,665,385.	18,767,126.	22,948,418.	1,900,940.	11,524,319.
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Net Assets or Fund Balances	20 Total assets (Part X, line 16) 131,098,484. 21 Total liabilities (Part X, line 26) 7,716,002. 22 Net assets or fund balances. Subtract line 21 from line 20 123,382,482.	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:50%;">Beginning of Current Year</th> <th style="width:50%;">End of Year</th> </tr> </thead> <tbody> <tr><td>131,098,484.</td><td>148,778,148.</td></tr> <tr><td>7,716,002.</td><td>7,362,536.</td></tr> <tr><td>123,382,482.</td><td>141,415,612.</td></tr> </tbody> </table>	Beginning of Current Year	End of Year	131,098,484.	148,778,148.	7,716,002.	7,362,536.	123,382,482.	141,415,612.																		
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Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer HENRY J. SANFORD CFO & TREASURER Type or print name and title	Date <u>3/10/2014</u>
Paid Preparer's Only	Print/Type preparer's name JULIA FLANNERY, CPA Firm's name ▶ MCGLADREY LLP Firm's address ▶ 100 INTERNATIONAL DRIVE, SUITE 1400 BALTIMORE, MD 21202	Preparer's signature Date Check if self-employed ☐ PTIN P00928918 Firm's EIN ▶ 42-0714325 Phone no. 410-246-9300

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III ☒

- 1** Briefly describe the organization's mission:
SEE SCHEDULE O

- 2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O.
- 3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O.

- 4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 15,164,525. including grants of \$ 14,740,857.) (Revenue \$ 1,444,487.)
SUPPORT INCLUDED DIRECT AND INDIRECT SUPPORT FOR USNA ENDOWED POSITIONS
AND PROGRAM SUPPORT FOR CYBER SECURITY, ATHLETIC EXCELLENCE, STEM,
MINORITY OUTREACH, LEADERSHIP DEVELOPMENT AND INTERNATIONAL PROGRAMS.
GRANTS TO USNA ALSO SUPPORTED THE WAR OF 1812 EXHIBIT, ADMISSIONS
SUPPORT, THE ACADEMIC CENTER AND THE CENTER OF ETHICAL LEADERSHIP.
GRANTS TO THE ALUMNI ASSOCIATION WERE IN SUPPORT OF OPERATIONS.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

- 4d** Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 15,164,525.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	☒	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	☒	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		☒
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		☒
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		☒
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		☒
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		☒
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		☒
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		☒
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	☒	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	☒	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	☒	
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		☒
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		☒
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	☒	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	☒	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		☒
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	☒	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		☒
14a Did the organization maintain an office, employees, or agents outside of the United States?		☒
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	☒	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		☒
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>	☒	
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>	☒	
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		☒
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		☒
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		☒
b <i>If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?</i>		

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21 X	
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22 X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23 X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29 X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34 X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38 X	

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response to any question in this Part V ☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	17	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	27	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	X	
b	If "Yes," enter the name of the foreign country: CAYMAN ISLANDS See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

☒**Section A. Governing Body and Management**

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year 1a 35 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
b Enter the number of voting members included in line 1a, above, who are independent 1b 34		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? 2		X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? 3		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? 4		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets? 5		X
6 Did the organization have members or stockholders? 6		X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? 7a		X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? 7b		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body? 8a	X	
b Each committee with authority to act on behalf of the governing body? 8b	X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O 9		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates? 10a		X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? 10b		
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? 11a	X	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990. 12a	X	
12a Did the organization have a written conflict of interest policy? If "No," go to line 13 12a	X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? 12b	X	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done 12c	X	
13 Did the organization have a written whistleblower policy? 13	X	
14 Did the organization have a written document retention and destruction policy? 14	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official 15a	X	
b Other officers or key employees of the organization 15b	X	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? 16a		X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? 16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► MD, OH

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☒ Own website ☒ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ►
 HENRY J. SANFORD, CFO & TREASURER - (410) 295-4100
 247 KING GEORGE STREET, ANNAPOLIS, MD 21402

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

☒**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CHARLES S. ABBOT DIRECTOR	2.00	X						0.	0.	0.
(2) DANIEL AKERSON DIRECTOR	2.00	X						0.	0.	0.
(3) RICHARD C. ATKINSON DIRECTOR	2.00	X						0.	0.	0.
(4) ROBERT C. BELLAS, JR. DIRECTOR	2.00	X						0.	0.	0.
(5) PHILIP M. BILDEN DIRECTOR	2.00	X						0.	0.	0.
(6) MICHAEL R. BONSIGNORE DIRECTOR	2.00	X						0.	0.	0.
(7) THOMAS C. BRASCO DIRECTOR	2.00	X						0.	0.	0.
(8) WESLEY BUSH DIRECTOR	2.00	X						0.	0.	0.
(9) GEORGE CAMPBELL, JR. DIRECTOR	2.00	X						0.	0.	0.
(10) PETER F. DE VOS DIRECTOR	2.00	X						0.	0.	0.
(11) THOMAS B. FARGO DIRECTOR	2.00	X						0.	0.	0.
(12) LOUIS J. FREEH DIRECTOR	2.00	X						0.	0.	0.
(13) CARLTON W. FULFORD, JR. DIRECTOR	2.00	X						0.	0.	0.
(14) CHARLES S. GARBER, JR. DIRECTOR	2.00	X						0.	0.	0.
(15) LINDA R. GOODEN DIRECTOR	2.00	X						0.	0.	0.
(16) ERIC P. GRUBMAN DIRECTOR	2.00	X						0.	0.	0.
(17) WALTER P. HAVENSTEIN DIRECTOR	2.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JON M. HUNTSMAN, JR. DIRECTOR	2.00	X						0.	0.	0.
(19) JAY L. JOHNSON DIRECTOR	2.00	X						0.	0.	0.
(20) GREER O. LAUTRUP DIRECTOR	2.00	X						0.	0.	0.
(21) THOMAS C. LYNCH DIRECTOR	2.00	X						0.	0.	0.
(22) CORBIN A. MCNEILL JR. DIRECTOR	2.00	X						0.	0.	0.
(23) RICHARD W. MIES DIRECTOR	2.00	X						0.	0.	0.
(24) JERROLD L. MILLER DIRECTOR	2.00	X						0.	0.	0.
(25) ROBERT J. NATTER DIRECTOR	2.00	X						0.	0.	0.
(26) C. MICHAEL PETERS DIRECTOR	2.00	X						0.	0.	0.
1b Sub-total								0.	0.	0.
c Total from continuation sheets to Part VII, Section A								1,280,364.	383,148.	95,518.
d Total (add lines 1b and 1c)								1,280,364.	383,148.	95,518.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **5**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
AFRC, INC. 208 PASSAIC AVE., FAIRFIELD, NJ 07000	FUNDRAISING CONSULTANT	379,578.
SAFEHOUSE PICTURES, LLC 630 27TH ST., SAN FRANCISCO, CA 94131	VIDEO PRODUCERS	319,556.
GRENZEBACH GLIER & ASSOCIATES, INC. PO BOX 88277, DEPT A, CHICAGO, IL 60680	FUNDRAISING CONSULTANT	254,267.
TIFF ADVISORY SERVICES, 200 BARR HARBOR DR., SUITE 100, WEST CONSHOHOCKEN, PA	INVESTMENT ADVISORS	244,007.
SIGNCRAFT ANNAPOLIS, LLP, 2012 RENARD CT., SUITE O, ANNAPOLIS, MD 21401	GRAPHIC DESIGN	201,194.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **7**

SEE PART VII, SECTION A CONTINUATION SHEETS

Form **990** (2012)

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(27) PAUL B. PRAGER DIRECTOR	2.00	X						0.	0.	0.
(28) JOHN R. RYAN DIRECTOR	2.00	X						0.	0.	0.
(29) KEVIN SHARER DIRECTOR	2.00	X						0.	0.	0.
(30) ROGER T. STAUBACH DIRECTOR	2.00	X						0.	0.	0.
(31) TIMOTHY P. SULLIVAN DIRECTOR	2.00	X						0.	0.	0.
(32) J. RONALD TERWILLIGER DIRECTOR	2.00	X						0.	0.	0.
(33) ROGER E. TETRAULT DIRECTOR	2.00	X						0.	0.	0.
(34) DEBORAH L. WINCE-SMITH DIRECTOR	2.00	X						0.	0.	0.
(35) BYRON F. MARCHANT PRESIDENT/CEO (SEE SCH. J)	36.00 24.00	X		X				305,908.	203,939.	24,525.
(36) HENRY J. SANFORD TREASURER & CFO (SEE SCH. J)	33.00 27.00			X				137,211.	112,264.	13,610.
(37) EDWARD WALLACE VP A&S (SEE SCH. J)	50.00				X			151,765.	0.	7,868.
(38) WILLIAM O'CONNOR EXEC. VP (SEE SCH. J)	50.00				X			189,002.	0.	13,791.
(39) HARRY YEISER DIR. OF DEV. OPS.	50.00					X		125,660.	0.	6,711.
(40) STEPHEN M. MACONI DIR. OF DEVELOPMENT (SEE SCH. J)	50.00					X		165,337.	0.	9,804.
(41) GERALDINE S. FARMER COMPTROLLER (SEE SCH. J)	33.00 27.00					X		81,822.	66,945.	6,711.
(42) EMILY PARKHURST DIRECTOR OF DEV. SERVICES	50.00					X		123,659.	0.	12,498.
Total to Part VII, Section A, line 1c								1,280,364.	383,148.	95,518.

Part VIII Statement of RevenueCheck if Schedule O contains a response to any question in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	28,702,477.			
	g	Noncash contributions included in lines 1a-1f: \$		6,718,920.			
	h	Total. Add lines 1a-1f		28,702,477.			
Program Service Revenue	2 a	FUND ADMIN. FEE	Business Code 900099	1,389,197.	1,389,197.		
	b	MISCELLANEOUS FEES & S	900099	55,290.	55,290.		
	c	.....					
	d	.....					
	e	.....					
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		1,444,487.			
	3	Investment income (including dividends, interest, and other similar amounts)		1,735,127.		-38,402.	1,773,529.
4	Income from investment of tax-exempt bond proceeds						
5	Royalties						
Other Revenue	6 a	Gross rents	(i) Real (ii) Personal				
	b	Less: rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
	7 a	Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
	b	Less: cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)		2,590,646.			2,590,646.
	8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9 a	Gross income from gaming activities. See Part IV, line 19	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10 a	Gross sales of inventory, less returns and allowances	a				
	b	Less: cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
	Miscellaneous Revenue			Business Code			
11 a	.....						
b	.....						
c	.....						
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See instructions.		34,472,737.	1,444,487.	-38,402.	4,364,175.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	14,170,510.	14,170,510.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	486,296.	486,296.		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	84,051.	84,051.		
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	964,852.	71,792.	171,182.	721,878.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,612,821.	192,355.	464,085.	1,956,381.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	93,139.	6,876.	16,538.	69,725.
9 Other employee benefits	261,603.	19,277.	46,462.	195,864.
10 Payroll taxes	236,174.	17,435.	41,937.	176,802.
11 Fees for services (non-employees):				
a Management				
b Legal	17,423.	1,286.	3,094.	13,043.
c Accounting	70,372.		70,372.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17	373,587.			373,587.
f Investment management fees	337,482.		337,482.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	549,256.	40,526.	97,478.	411,252.
12 Advertising and promotion				
13 Office expenses	168,116.	12,411.	29,852.	125,853.
14 Information technology				
15 Royalties				
16 Occupancy	79,983.	5,905.	14,202.	59,876.
17 Travel	182,454.	13,469.	32,398.	136,587.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	80,051.	5,910.	14,214.	59,927.
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	254,682.	18,801.	45,223.	190,658.
23 Insurance	35,235.	2,601.	6,257.	26,377.
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a BAD DEBT	1,686,808.			1,686,808.
b DONOR CULTIVATION	151,020.	11,149.	26,816.	113,055.
c MISCELLANEOUS	19,757.	1,457.	3,508.	14,792.
d TRAINING	19,013.	1,404.	3,376.	14,233.
e All other expenses	13,733.	1,014.	2,439.	10,280.
25 Total functional expenses. Add lines 1 through 24e	22,948,418.	15,164,525.	1,426,915.	6,356,978.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance SheetCheck if Schedule O contains a response to any question in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing		1	
	2 Savings and temporary cash investments	2,103,200.	2	1,555,308.
	3 Pledges and grants receivable, net	20,409,224.	3	25,759,335.
	4 Accounts receivable, net	129,635.	4	10,092.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	92,120.	9	99,238.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 5,429,720.		
	b Less: accumulated depreciation	10b 2,373,737.		
	11 Investments - publicly traded securities	3,232,388.	10c	3,055,983.
	12 Investments - other securities. See Part IV, line 11	82,674,811.	11	26,335,544.
	13 Investments - program-related. See Part IV, line 11	19,733,907.	12	89,071,447.
	14 Intangible assets		13	
	15 Other assets. See Part IV, line 11	2,723,199.	14	
16 Total assets. Add lines 1 through 15 (must equal line 34)	131,098,484.	15	2,891,201.	
Liabilities	17 Accounts payable and accrued expenses	288,845.	16	148,778,148.
	18 Grants payable		17	266,538.
	19 Deferred revenue	4,529.	18	
	20 Tax-exempt bond liabilities		19	7,190.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		20	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		21	
	23 Secured mortgages and notes payable to unrelated third parties		22	
	24 Unsecured notes and loans payable to unrelated third parties		23	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	7,422,628.	24	
	26 Total liabilities. Add lines 17 through 25	7,716,002.	25	7,088,808.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.		26	7,362,536.
	27 Unrestricted net assets	8,038,177.	27	9,655,269.
	28 Temporarily restricted net assets	78,253,262.	28	93,317,147.
	29 Permanently restricted net assets	37,091,043.	29	38,443,196.
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	123,382,482.	33	141,415,612.	
34 Total liabilities and net assets/fund balances	131,098,484.	34	148,778,148.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	34,472,737.
2	Total expenses (must equal Part IX, column (A), line 25)	2	22,948,418.
3	Revenue less expenses. Subtract line 2 from line 1	3	11,524,319.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	123,382,482.
5	Net unrealized gains (losses) on investments	5	5,583,485.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	925,326.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	141,415,612.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

☒

	Yes	No
1 Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form **990** (2012)

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

Part I	Reason for Public Charity Status (All organizations must complete this part.) See instructions.
---------------	--

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f ☐ If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box _____

g ☐ Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? _____	11g(i)	
(ii) A family member of a person described in (i) above? _____	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above? _____	11g(iii)	

h ☐ Provide the following information about the supported organization(s). _____

[illegible]

Total

HA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	21,522,640.	23,160,909.	15,463,471.	17,496,994.	28,702,477.	106,346,491.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	21,522,640.	23,160,909.	15,463,471.	17,496,994.	28,702,477.	106,346,491.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						106,346,491.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4	21,522,640.	23,160,909.	15,463,471.	17,496,994.	28,702,477.	106,346,491.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	1,945,473.	2,135,048.	2,841,049.	1,045,896.	1,735,127.	9,702,593.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						116,049,084.
12 Gross receipts from related activities, etc. (see instructions)					12	6,134,796.
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	91.64 %
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	90.30 %
16a 33 1/3% support test - 2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		☒
b 33 1/3% support test - 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		☐
17a 10% -facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		☐
b 10% -facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		☐
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	.....	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	.....	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	.....	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	.....	%

19a 33 1/3% support tests - 2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

OMB No. 1545-0047

2012

Name of the organization

Employer identification number

U.S. NAVAL ACADEMY FOUNDATION, INC.

23-7003516

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

☐ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

☒ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2012)

Name of organization	Employer identification number
U.S. NAVAL ACADEMY FOUNDATION, INC.	23-7003516

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 4,050,112.	Person ☐ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution.)
2		\$ 1,090,000.	Person ☒ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution.)
3		\$ 1,050,000.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
4		\$ 2,775,826.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
5		\$ 1,000,000.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

Name of organization	Employer identification number
U.S. NAVAL ACADEMY FOUNDATION, INC.	23-7003516

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	VOYAGE MANAGEMENT SYSTEM SOFTWARE, 100 ADDITIONAL COPIES OF SOFTWARE	\$ 4,050,112.	08/16/12
2	\$995,341 STOCK GIFT, \$94,659 CASH	\$ 1,090,000.	01/24/13
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

Name of organization	Employer identification number
U.S. NAVAL ACADEMY FOUNDATION, INC.	23-7003516

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once.) ► \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No		

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or education)	☐ Preservation of an historically important land area
☐ Protection of natural habitat	☐ Preservation of a certified historic structure
☐ Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$

(ii) Assets included in Form 990, Part X ▶ \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ \$

b Assets included in Form 990, Part X ▶ \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition

d ☐ Loan or exchange programs

b ☐ Scholarly research

e ☐ Other _____

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	78,391,286.	80,326,494.	69,729,801.	62,273,792.	87,085,212.
b Contributions	1,380,798.	176,196.	6,637.	2,088,909.	-13,647,765.
c Net investment earnings, gains, and losses	7,026,166.	420,654.	11,752,074.	7,252,647.	-10,068,997.
d Grants or scholarships					
e Other expenditures for facilities and programs	2,506,968.	2,532,058.	1,162,018.	1,885,547.	1,094,658.
f Administrative expenses					
g End of year balance	84,291,282.	78,391,286.	80,326,494.	69,729,801.	62,273,792.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ☐ %

b Permanent endowment ☒ 72.06 %

c Temporarily restricted endowment ☒ 27.94 %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		X
3a(ii)	X	
3b	X	

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? ☐

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		644,316.		644,316.
b Buildings		4,081,933.	1,844,820.	2,237,113.
c Leasehold improvements				
d Equipment		703,471.	528,917.	174,554.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				3,055,983.

Schedule D (Form 990) 2012

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) INVESTMENTS IN PARTNERSHIPS, HEDGE		
(B) FUNDS, OTHER	21,280,219.	END-OF-YEAR MARKET VALUE
(C) TIFF MULTI-ASSET FUND	67,791,228.	END-OF-YEAR MARKET VALUE
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶	89,071,447.	

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) SPLIT INTEREST AGREEMENTS	5,264,848.
(3) INTERCOMPANY PAYABLE	1,823,960.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	7,088,808.

FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	51,074,960.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	5,583,485.
b	Donated services and use of facilities	2b	463,707.
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	11,877,346.
e	Add lines 2a through 2d	2e	17,924,538.
3	Subtract line 2e from line 1	3	33,150,422.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	337,482.
b	Other (Describe in Part XIII.)	4b	984,833.
c	Add lines 4a and 4b	4c	1,322,315.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	34,472,737.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	29,537,620.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	463,707.
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	7,447,810.
e	Add lines 2a through 2d	2e	7,911,517.
3	Subtract line 2e from line 1	3	21,626,103.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	337,482.
b	Other (Describe in Part XIII.)	4b	984,833.
c	Add lines 4a and 4b	4c	1,322,315.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	22,948,418.

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART V, LINE 4: THE ENDOWMENT CONSISTS OF APPROXIMATELY 72 INDIVIDUAL

FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES. THESE ENDOWMENT FUNDS ARE

DONOR-RESTRICTED. THE FOUNDATION DOES NOT HAVE ANY BOARD-DESIGNATED

ENDOWMENT FUNDS, AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES,

NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS ARE CLASSIFIED AND REPORTED

BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS.

PART X, LINE 2: THE ASSOCIATIONS HAVE ADOPTED THE ACCOUNTING FOR

Part XIII Supplemental Information (continued)

UNCERTAINTY IN INCOME TAXES, WHICH ADDRESSES THE DETERMINATION OF WHETHER
TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN SHOULD BE
RECORDED IN THE FINANCIAL STATEMENTS. UNDER THIS POLICY, THE ASSOCIATIONS
MAY RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS
MORE-LIKELY-THAN-NOT THAT THE TAX POSITION WOULD BE SUSTAINED ON
EXAMINATION BY TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE
POSITION. MANAGEMENT HAS EVALUATED THE ASSOCIATIONS' TAX POSITIONS AND HAS
CONCLUDED THAT THE ASSOCIATIONS HAVE TAKEN NO UNCERTAIN TAX POSITIONS THAT
REQUIRE ADJUSTMENT TO THE CONSOLIDATED FINANCIAL STATEMENTS TO COMPLY WITH
PROVISIONS OF THIS GUIDANCE.

AS OF JUNE 30, 2013 AND 2012, THERE ARE NO MATERIAL
UNRECOGNIZED/DERECOGNIZED TAX BENEFITS OR TAX PENALTIES OR INTEREST. THE
ASSOCIATIONS ARE NO LONGER SUBJECT TO U.S. FEDERAL, STATE OR LOCAL TAX
EXAMINATIONS BY TAX AUTHORITIES FOR YEARS ENDED BEFORE JUNE 30, 2010.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS	925,326.
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REVENUE OF AFFILIATE INCLUDED ON CONSOLIDATED FINANCIAL

STATEMENTS	10,952,020.
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TOTAL TO SCHEDULE D, PART XI, LINE 2D	11,877,346.
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PART XI, LINE 4B - OTHER ADJUSTMENTS:

GRANT TO NAVAL ACADEMY ALUMNI ASSOCIATION	984,833.
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PART XII, LINE 2D - OTHER ADJUSTMENTS:

EXPENSES OF AFFILIATE INCLUDED ON CONSOLIDATED FINANCIAL

STATEMENTS	7,447,810.
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Part XIII Supplemental Information *(continued)*

PART XII, LINE 4B - OTHER ADJUSTMENTS:

GRANT TO NAVAL ACADEMY ALUMNI ASSOCIATION	984,833.
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SCHEDULE F
(Form 990)Department of the Treasury
Internal Revenue Service**Statement of Activities Outside the United States**▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012Open to Public
Inspection

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.**1** For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No**2** For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.**3** Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
EUROPE	0	0	PROGRAM SERVICES & GRANTMAKING	SCHOLARSHIPS	84,051.
CENTRAL AMERICA AND THE CARIBBEAN	0	0	INVESTMENTS		7,399,951.
3 a Sub-total	0	0			7,484,002.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			7,484,002.

HA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2012

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* ☒ Yes ☐ No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* ☐ Yes ☒ No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471)* ☐ Yes ☒ No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* ☒ Yes ☐ No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships. (see Instructions for Form 8865)* ☐ Yes ☒ No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report. (see Instructions for Form 5713)* ☐ Yes ☒ No

Schedule F (Form 990) 2012

Part V Supplemental Information

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method); amounts of investments vs. expenditures per region; Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information.

SCHEDULE F, PART I, LINE 2: THE U.S. NAVAL ACADEMY DETERMINES WHO

RECEIVES THE SCHOLARSHIP FUNDS. THE U.S. NAVAL ACADEMY FOUNDATION

VERIFIES THAT THE SCHOLAR AND THEIR CHOICE OF HIGHER LEARNING ARE

APPROPRIATE BASED ON THE U.S. NAVAL ACADEMY'S SCHOLAR SELECTION PROCESS.

THE FUNDS ARE THEN TRANSFERRED DIRECTLY TO THE INSTITUTION OF HIGHER

LEARNING.

Department of the Treasury
Internal Revenue Service

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open To Public Inspection

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

Part I

Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a ☒ Mail solicitations
- b ☒ Internet and email solicitations
- c ☒ Phone solicitations
- d ☒ In-person solicitations
- e ☒ Solicitation of non-government grants
- f ☐ Solicitation of government grants
- g ☐ Special fundraising events

- 2 a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☒ Yes☐ No

- b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
ADVANTAGE CONSULTING - 2500 PASEO VERDE PARKWAY,	SOLICITATION		X	2,100,728.	373,587.	1,727,141.
Total				2,100,728.	373,587.	1,727,141.

- 3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

MD, OH

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		(event type)	(event type)	(total number)	
Revenue	1 Gross receipts				
	2 Less: Contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary. Add lines 4 through 9 in column (d)				()
	11 Net income summary. Combine line 3, column (d), and line 10				

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d)				()
	8 Net gaming income summary. Combine line 1, column d, and line 7				

9 Enter the state(s) in which the organization operates gaming activities: _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain: _____

- 11 Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No
- 12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No
- 13 Indicate the percentage of gaming activity operated in:
- | | | |
|-------------------------------|-----|---|
| a The organization's facility | 13a | % |
| b An outside facility | 13b | % |
- 14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ► _____

Address ► _____

- 15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ► \$ _____ and the amount of gaming revenue retained by the third party ► \$ _____.

c If "Yes," enter name and address of the third party:

Name ► _____

Address ► _____

16 Gaming manager information:

Name ► _____

Gaming manager compensation ► \$ _____

Description of services provided ► _____

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► \$ _____

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE G, PART I, LINE 2B, LIST OF TEN HIGHEST PAID FUNDRAISERS:

(I) NAME OF FUNDRAISER: ADVANTAGE CONSULTING

(I) ADDRESS OF FUNDRAISER: 2500 PASEO VERDE PARKWAY, HENDERSON, NV 89074

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
► Attach to Form 990.

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Name of the organization **U.S. NAVAL ACADEMY FOUNDATION, INC.** Employer identification number **23-7003516**

Part I General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
U.S. NAVAL ACADEMY ALUMNI ASSOCIATION, INC. - 247 KING GEORGE STREET - ANNAPOLIS, MD 21402	52-0548411	501(C)(3)	1,246,233.	0.			GENERAL SUPPORT
U.S. NAVAL ACADEMY 121 BLAKE ROAD ANNAPOLIS, MD 21402	31-1575142		12,924,277.	0.			GENERAL SUPPORT

- 2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **2.**
- 3** Enter total number of other organizations listed in the line 1 table **0.**

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2012)

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
SCHOLARSHIP SUPPORT	50	486,296.	0.		

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

SCHEDULE I, PART I, LINE 2: THE FOUNDATION KEEPS DETAILED RECORDS OF GRANTS

TO THE U.S. NAVAL ACADEMY ALUMNI ASSOCIATION AND THE U.S. NAVAL ACADEMY.

ALL GRANTS ARE REVIEWED BY MANAGEMENT PRIOR TO PAYMENT. THE GRANT TO THE

U.S. NAVAL ACADEMY ALUMNI ASSOCIATION IS BUDGETED FOR AND APPROVED BY THE

BOARD OF DIRECTORS. THE UNRESTRICTED PORTION OF THE GRANT TO THE U.S.

NAVAL ACADEMY IS BUDGETED FOR AND APPROVED BY THE BOARD OF DIRECTORS. ALL

OTHER GRANTS TO THE U.S. NAVAL ACADEMY ARE BASED ON DONOR DIRECTION OF

THEIR RESTRICTED GIFTS. THE FOUNDATION HAS ELECTED TO DISCLOSE THE JOINTLY

ADMINISTERED SCHOLARSHIP PROGRAM FOR INCREASED TRANSPARENCY.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

Part I Questions Regarding Compensation

	Yes	No								
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <table border="0"><tr><td>☐ First-class or charter travel</td><td>☐ Housing allowance or residence for personal use</td></tr><tr><td>☐ Travel for companions</td><td>☐ Payments for business use of personal residence</td></tr><tr><td>☐ Tax indemnification and gross-up payments</td><td>☐ Health or social club dues or initiation fees</td></tr><tr><td>☐ Discretionary spending account</td><td>☐ Personal services (e.g., maid, chauffeur, chef)</td></tr></table>	☐ First-class or charter travel	☐ Housing allowance or residence for personal use	☐ Travel for companions	☐ Payments for business use of personal residence	☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees	☐ Discretionary spending account	☐ Personal services (e.g., maid, chauffeur, chef)		
☐ First-class or charter travel	☐ Housing allowance or residence for personal use									
☐ Travel for companions	☐ Payments for business use of personal residence									
☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees									
☐ Discretionary spending account	☐ Personal services (e.g., maid, chauffeur, chef)									
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b									
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2									
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <table border="0"><tr><td>☒ Compensation committee</td><td>☐ Written employment contract</td></tr><tr><td>☒ Independent compensation consultant</td><td>☒ Compensation survey or study</td></tr><tr><td>☒ Form 990 of other organizations</td><td>☒ Approval by the board or compensation committee</td></tr></table>	☒ Compensation committee	☐ Written employment contract	☒ Independent compensation consultant	☒ Compensation survey or study	☒ Form 990 of other organizations	☒ Approval by the board or compensation committee				
☒ Compensation committee	☐ Written employment contract									
☒ Independent compensation consultant	☒ Compensation survey or study									
☒ Form 990 of other organizations	☒ Approval by the board or compensation committee									
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:										
a Receive a severance payment or change-of-control payment?	4a	X								
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X								
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c	X								
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.										
Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.										
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:										
a The organization?	5a	X								
b Any related organization?	5b	X								
If "Yes" to line 5a or 5b, describe in Part III.										
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:										
a The organization?	6a	X								
b Any related organization?	6b	X								
If "Yes" to line 6a or 6b, describe in Part III.										
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	X								
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8	X								
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9									

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2012

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 4B: BYRON MARCHANT AND HENRY SANFORD PARTICIPATE IN A

SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN (457F AND 457B). \$108,602 VESTED

IN 2012 FOR BYRON MARCHANT AND THAT AMOUNT IS INCLUDED IN HIS W-2

COMPENSATION.

BYRON MARCHANT'S W-2 INCOME INCLUDES DEFERRED

COMPENSATION THAT VESTED IN 2012 AND MUST BE REPORTED AS INCOME IN THE YEAR

IT VESTS. \$33,500 OF THE DEFERRED COMPENSATION WAS REPORTED AS NONTAXABLE

DEFERRED COMPENSATION ON THE 2011 FORM 990 AND IS REPORTED IN SCHEDULE J,

PART II, COLUMN F.

PART I, LINE 3: THE WRITTEN EMPLOYMENT CONTRACT IS AN INTERNAL CONTRACT

ONLY.

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

OMB No. 1545-0047

2012

**Open to Public
Inspection**

▶ **Complete if the organizations answered "Yes" on Form
990, Part IV, lines 29 or 30.**
▶ **Attach to Form 990.**

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications	X		1,837.	FAIR MARKET VALUE
5 Clothing and household goods	X		1,716.	FAIR MARKET VALUE
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded	X	136	2,625,255.	FAIR MARKET VALUE
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (SOFTWARE)	X	1	4,050,112.	FAIR MARKET VALUE
26 Other ▶ (EQUIPMENT)	X	1	40,000.	FAIR MARKET VALUE
27 Other ▶ ()				
28 Other ▶ ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions
for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for
at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for
the entire holding period?

b If "Yes," describe the arrangement in Part II.

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash
contributions?

b If "Yes," describe in Part II.

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked,
describe in Part II.

	Yes	No
30a		X
31	X	
32a		X

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) (2012)

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

TO SUPPORT, PROMOTE AND ADVANCE THE MISSION OF THE NAVAL ACADEMY BY

WORKING IN CONJUNCTION WITH ACADEMY LEADERSHIP TO IDENTIFY STRATEGIC

INSTITUTIONAL PRIORITIES AND BY RAISING, MANAGING AND DISBURSING

PRIVATE GIFT FUNDS THAT PROVIDE A MARGIN OF EXCELLENCE IN SUPPORT OF

THE NATION'S PREMIER LEADERSHIP INSTITUTION.

THE MISSION STATEMENT OF THE RELATED ENTITY, THE U.S. NAVAL ACADEMY

ALUMNI ASSOCIATION:

TO SERVE AND SUPPORT THE UNITED STATES, THE NAVAL SERVICE, THE NAVAL

ACADEMY AND ITS ALUMNI:

BY FURTHERING THE HIGHEST STANDARDS AT THE NAVAL ACADEMY;

BY SEEKING OUT, INFORMING, ENCOURAGING, AND ASSISTING OUTSTANDING,

QUALIFIED YOUNG MEN AND WOMEN TO PURSUE CAREERS AS OFFICERS IN THE NAVY

AND MARINE CORPS THROUGH THE NAVAL ACADEMY; AND

BY INITIATING AND SPONSORING ACTIVITIES WHICH WILL PERPETUATE THE

HISTORY, TRADITIONS, MEMORIES AND GROWTH OF THE NAVAL ACADEMY AND BIND

ALUMNI TOGETHER IN SUPPORT OF THE HIGHEST IDEALS OF COMMAND,

CITIZENSHIP AND GOVERNMENT.

FORM 990, PART VI, SECTION B, LINE 11: THE FORM 990 WAS REVIEWED BY

MANAGEMENT AND MEMBERS OF THE JOINT FINANCE AND AUDIT COMMITTEE OF U.S.

NAVAL ACADEMY ALUMNI ASSOCIATION AND U.S. NAVAL ACADEMY FOUNDATION WITH OUR

TAX PREPARERS AND SENT TO MEMBERS OF THE BOARD OF DIRECTORS AND TO THE IRS.

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

FORM 990, PART VI, SECTION B, LINE 12C: THE CONFLICT OF INTEREST POLICY IS

SENT TO EACH BOARD/TRUSTEE MEMBER AT THE BEGINNING OF THE CALENDAR YEAR

WITH A SELF ADDRESSED ENVELOPE FOR RESPONDING. THE POLICY DETAILS POTENTIAL

CONFLICTS OF INTEREST AND THE NEED TO DISCLOSE SUCH CONFLICTS. THE POLICY

ALSO DEFINES THE BOARD/TRUSTEE'S MEMBER FIDUCIARY OBLIGATION TO THE

ORGANIZATION. ALL CONFLICTS OF INTEREST STATEMENTS ARE RETURNED TO THE

BOARD SECRETARY'S OFFICE AND KEPT ON FILE. THE COMPLETED SIGNED CONFLICTS

OF INTEREST STATEMENTS ARE REVIEWED BY THE ORGANIZATION'S AUDIT FIRM DURING

THE ANNUAL AUDIT FOR COMPLETENESS AND TO ENSURE THAT ALL BOARD/TRUSTEE

MEMBERS ARE INCLUDED.

UPON A DETERMINATION THAT A CONFLICT EXISTS, THE BOARD SHALL APPOINT A

DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE ALTERNATIVES TO THE

PROPOSED TRANSACTION OR ARRANGEMENT TO WHICH THE CONFLICT RELATES. AFTER

EXERCISING THIS DUE DILIGENCE, THE BOARD SHALL DETERMINE WHETHER THE

FOUNDATION CAN OBTAIN WITH REASONABLE EFFORTS A MORE ADVANTAGEOUS

TRANSACTION FROM A SOURCE THAT WOULD NOT GIVE RISE TO A CONFLICT. IF A

MORE ADVANTAGEOUS TRANSACTION WHICH WOULD NOT CREATE A CONFLICT IS NOT

REASONABLY POSSIBLE, THE BOARD SHALL DETERMINE BY A MAJORITY VOTE OF THE

DISINTERESTED DIRECTORS WHETHER THE TRANSACTION OR ARRANGEMENT IS FAIR,

REASONABLE AND IN THE FOUNDATION'S BEST INTERESTS. IN CONFORMITY WITH THE

ABOVE DETERMINATION, THE BOARD SHALL MAKE ITS DECISION AS TO WHETHER TO

ENTER INTO THE TRANSACTION OR ARRANGEMENT.

FORM 990, PART VI, SECTION B, LINE 15: THE PROCESS FOR DETERMINING

COMPENSATION OF THE CEO, OTHER OFFICERS AND KEY EMPLOYEES OF THE

ORGANIZATION "INCLUDES A REVIEW AND APPROVAL BY INDEPENDENT PERSONS,

COMPARABILITY DATA, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

AND DECISION."

SPECIFICALLY, THE ORGANIZATION TAKES ALL OF THE STEPS NECESSARY TO ENSURE

THAT THE COMPENSATION PACKAGES OF THESE INDIVIDUALS ARE NOT ONLY REASONABLE

AND COMPETITIVE, BUT ARE DESIGNED AND DETERMINED IN THE PRECISE MANNER

SPECIFIED IN THE INTERNAL REVENUE SERVICE'S "INTERMEDIATE SANCTIONS"

REGULATIONS.

THE PROCESS FOR DETERMINING THE COMPENSATION PACKAGES OF THESE INDIVIDUALS

IS AS FOLLOWS:

1. A BOARD COMPENSATION COMMITTEE IS CONSTITUTED THAT IS COMPOSED ENTIRELY

OF TRUSTEES MEETING A STRICT "NO CONFLICTS" INDEPENDENCE TEST SET FORTH IN

THE IRS REGULATIONS.

2. THE COMMITTEE ACQUIRES APPROPRIATE, INDEPENDENT MARKET COMPARABILITY

DATA FROM ITS PROFESSIONAL COMPENSATION CONSULTANT.

3. THE COMMITTEE REVIEWS THIS COMPARABILITY DATA IN DETAIL, POSING

APPROPRIATE QUESTIONS TO ITS PROFESSIONAL COMPENSATION CONSULTANT.

4. THE COMMITTEE REVIEWS THE QUALIFICATIONS, EXPERIENCE AND PERFORMANCE OF

EACH OF THE INDIVIDUALS AGAINST THE COMPARABILITY DATA ACQUIRED FROM THE

PROFESSIONAL COMPENSATION CONSULTANT.

5. THE COMMITTEE DESIGNS A PROPOSED COMPENSATION PACKAGE FOR EACH OF THE

INDIVIDUALS AND SEEKS A WRITTEN OPINION FROM THE PROFESSIONAL COMPENSATION

CONSULTANT THAT THE PROPOSED COMPENSATION PACKAGE IS REASONABLE. (THE

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number

23-7003516

COMMITTEE MAKES ANY ADJUSTMENTS TO THE PROPOSAL REQUIRED IN ORDER FOR THE

PROFESSIONAL COMPENSATION CONSULTANT TO CONCLUDE THAT THE PACKAGE IS

REASONABLE.)

6. THE COMMITTEE MEMORIALIZES ALL OF ITS DELIBERATIONS IN DETAILED

COMMITTEE MINUTES THAT ARE REVIEWED, CORRECTED IF NECESSARY, AND APPROVED

AT ITS NEXT FOLLOWING MEETING.

7. THE COMMITTEE ACQUIRES AN OPINION OF COUNSEL CONCLUDING THAT THE

PROCESS FOLLOWED BY THE COMMITTEE MEETS THE REQUIREMENTS OF THE IRS

REGULATIONS.

8. THE COMMITTEE REGULARLY REVIEWS ITS PROCESS TO ENSURE THAT IT CONTINUES

TO MEET ALL OF THE REQUIREMENTS OF APPLICABLE LAW.

FORM 990, PART VI, SECTION C, LINE 19: THE ORGANIZATION MAKES ALL

NECESSARY AND REQUIRED GOVERNING DOCUMENTS, CONFLICTS OF INTEREST POLICIES,

FINANCIAL STATEMENTS, FORM 990S AND ANNUAL REPORT AVAILABLE ON ITS WEBSITE:

WWW.USNA.COM.

FORM 990, PART VII, LINE 1A, COLUMN B

SEVERAL OFFICERS OF THE U.S. NAVAL ACADEMY FOUNDATION ARE DUALY

EMPLOYED BY A RELATED ORGANIZATION, THE U.S. NAVAL ACADEMY ALUMNI

ASSOCIATION. HOURS DEVOTED TO THE ALUMNI ASSOCIATION ARE LISTED BELOW

FOR THE OFFICERS INVOLVED IN BOTH ORGANIZATIONS:

OFFICER

HOURS PER WEEK DEVOTED TO ALUMNI ASSOCIATION

BYRON F. MARCHANT

24

Name of the organization	U.S. NAVAL ACADEMY FOUNDATION, INC.	Employer identification number	23-7003516
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HENRY J. SANFORD 27

GERALDINE S. FARMER 27

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

CHANGE IN SPLIT INTEREST AGREEMENTS 925,326.

990, PART XI, QUESTION 2B - AUDITED FINANCIAL STATEMENTS

FOR GAAP PURPOSES, THE ORGANIZATION PRESENTS ITS ACTIVITY IN A

CONSOLIDATED FORMAT WITH ITS RELATED ENTITY, THE U.S. NAVAL ACADEMY

ALUMNI ASSOCIATION. THESE CONSOLIDATED FINANCIAL STATEMENTS ARE

AUDITED BY INDEPENDENT AUDITORS. THE GAAP FINANCIAL STATEMENTS

INCLUDE SUPPLEMENTARY INFORMATION THAT PRESENTS THE FINANCIAL POSITION

AND THE CHANGES IN NET ASSETS OF THE FOUNDATION.

FORM 990, PART I, LINE 5 AND FORM 990, PART V, LINE 2A

THE U.S. NAVAL ACADEMY ALUMNI ASSOCIATION (A RELATED ORGANIZATION) IS

THE PAYMASTER FOR BOTH THE ASSOCIATION AND THE U.S. NAVAL ACADEMY

FOUNDATION. DUE TO THE ASSOCIATION'S ROLE AS PAYMASTER FOR BOTH

ORGANIZATIONS, THE ASSOCIATION REPORTS BOTH ASSOCIATION AND FOUNDATION

EMPLOYEES FOR W-3 PURPOSES. THE ASSOCIATION FILES ALL RELATED

EMPLOYMENT TAX FORMS. ALL PAYROLL EXPENSES RELATED TO THE FOUNDATION

ARE RECORDED AS A RECEIVABLE TO THE ASSOCIATION AND A PAYABLE FROM THE

FOUNDATION. THE 27 FOUNDATION EMPLOYEES ARE REPORTED ON PART I, LINE 5

AND PART V, LINE 2A EVEN THOUGH THE FOUNDATION DOES NOT FILE A FORM

-3.

Name of the organization

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FORM 990, PART VII, SECTION A AND PART VII, SECTION B

ALL INFORMATION REPORTED ON THIS 2012 FORM 990 IS REPORTED ON A FISCAL

YEAR BEGINNING JULY 1, 2012 AND ENDING JUNE 30, 2013, WITH THE

EXCEPTION OF INFORMATION THAT IS REPORTED FOR COMPENSATION ON SCHEDULE

J AND PART VII OF THE RETURN. COMPENSATION LISTED ON THESE SCHEDULES

IS BASED ON CALENDAR YEAR REPORTED COMPENSATION (PER THE 990

INSTRUCTIONS) FOR THE CALENDAR YEAR JANUARY 1, 2012 AND ENDING DECEMBER

31, 2012.

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37. ▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization

U.S. NAVAL ACADEMY FOUNDATION, INC.

Employer identification number
23-7003516

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

[illegible]

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

[illegible]

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2012

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	X
b Gift, grant, or capital contribution to related organization(s)	1b	X
c Gift, grant, or capital contribution from related organization(s)	1c	X
d Loans or loan guarantees to or for related organization(s)	1d	X
e Loans or loan guarantees by related organization(s)	1e	X
f Dividends from related organization(s)	1f	X
g Sale of assets to related organization(s)	1g	X
h Purchase of assets from related organization(s)	1h	X
i Exchange of assets with related organization(s)	1i	X
j Lease of facilities, equipment, or other assets to related organization(s)	1j	X
k Lease of facilities, equipment, or other assets from related organization(s)	1k	X
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	X
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	X
o Sharing of paid employees with related organization(s)	1o	X
p Reimbursement paid to related organization(s) for expenses	1p	X
q Reimbursement paid by related organization(s) for expenses	1q	X
r Other transfer of cash or property to related organization(s)	1r	X
s Other transfer of cash or property from related organization(s)	1s	X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Area with horizontal lines for supplemental information.