

***AMERICAN EAGLE FOUNDATION***

Pigeon Forge, Tennessee

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**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2018 and 2017

*AMERICAN EAGLE FOUNDATION*

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## INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors of  
American Eagle Foundation  
Pigeon Forge, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of American Eagle Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of American Eagle Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hughes + Gosnell CPA's*

June 7, 2019

# AMERICAN EAGLE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$1,161,095	\$ 845,702
Accounts Receivable - Employees	8	1,109
Inventories (Note 2)	<u>128,342</u>	<u>128,565</u>
Total Current Assets	<u>1,289,445</u>	<u>975,376</u>
FIXED ASSETS (Note 2)		
Equipment	117,988	106,451
Vehicles	55,499	66,145
Building	116,328	116,328
Furniture and Fixtures	<u>24,898</u>	<u>23,677</u>
	314,713	312,601
Less: Accumulated Depreciation	<u>(224,545)</u>	<u>(213,744)</u>
Total Fixed Assets	<u>90,168</u>	<u>98,857</u>
INVESTMENTS (Note 5)	<u>7,591,247</u>	<u>8,671,997</u>
OTHER ASSETS		
Audio/Video Masters	37,930	37,930
Trademarks	1,819	1,819
Educational Birds	6,824	6,824
Deposits	1,810	1,780
Donated Land	<u>5,200</u>	<u>5,200</u>
Total Other Assets	<u>53,583</u>	<u>53,553</u>
Total Assets	<u><u>\$9,024,443</u></u>	<u><u>\$9,799,783</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 34,924	\$ 23,105
Current Portion of Note Payable	<u>4,400</u>	<u>6,623</u>
Total Current Liabilities	<u>39,324</u>	<u>29,728</u>
Long-term Liabilities		
Note Payable (Net of Current Portion)	<u>7,635</u>	<u>12,253</u>
Total Liabilities	<u>46,959</u>	<u>41,981</u>
Net Assets		
With Donor Restriction	0	0
Without Donor Restriction	731,694	899,261
Board Restricted	<u>8,245,790</u>	<u>8,858,541</u>
Total Net Assets	<u>8,977,484</u>	<u>9,757,802</u>
Total Liabilities and Net Assets	<u><u>\$9,024,443</u></u>	<u><u>\$9,799,783</u></u>

# AMERICAN EAGLE FOUNDATION

## STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2018 and 2017

	Without Donor Restrictions	
	<u>2018</u>	<u>2017</u>
Revenue		
Contributions/Sponsorship	\$ 629,574	\$ 637,823
Educational Programs/Bird Shows	172,579	332,989
Show Travel Reimbursement	90,772	83,845
Souvenir Revenue, Net of Expense	90,747	163,990
Gifts in Kind	44,541	42,966
Chestnut Revenue, Net of Expense	256	255
State License Plate Income	227,116	202,147
Miscellaneous Income	33,414	38,907
Grant from American Eagle Foundation	100,000	100,000
Total Revenue	<u>1,388,999</u>	<u>1,602,922</u>
Expenses		
Program Service	1,368,001	1,438,502
Management and General	143,476	136,741
Fundraising	45,089	52,962
Total Expenses	<u>1,556,566</u>	<u>1,628,205</u>
Increase <Decrease> in Net Assets Without Donor Restrictions	<u>(167,567)</u>	<u>(25,283)</u>
NET ASSETS - BOARD RESTRICTED		
Coin Sales, Net of Expenses	5,308	6,530
Investment Income <Loss>	(419,487)	905,796
Grants	<u>(198,572)</u>	<u>(178,912)</u>
Increase <Decrease> in Board Restricted Net Assets	<u>(612,751)</u>	<u>733,414</u>
Increase <Decrease> in Net Assets	<u>(780,318)</u>	<u>708,131</u>
NET ASSETS AT BEGINNING OF YEAR	<u>9,757,802</u>	<u>9,049,671</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 8,977,484</u></u>	<u><u>\$ 9,757,802</u></u>

# AMERICAN EAGLE FOUNDATION

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<Decrease> Increase in Net Assets	\$ (780,318)	\$ 708,131
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	24,271	26,248
Loss on Disposition of Assets	7,874	0
(Increase) Decrease in Operating Assets		
Accounts Receivable - Employees	1,101	2,245
Inventories	223	(3,212)
Educational Birds	0	(3,500)
Deposits	(30)	0
Increase (Decrease) in Operating Liabilities		
Accounts Payable	11,819	7,827
Accrued Liabilities	0	(404)
Net Cash Provided by Operating Activities	<u>(735,060)</u>	<u>737,335</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Asset	500	0
Purchase of Fixed Assets	(23,956)	(18,811)
Change in Long-term Investments	<u>1,080,750</u>	<u>(745,853)</u>
Net Cash Provided (Used) by Investing Activities	<u>1,057,294</u>	<u>(764,664)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on Loans	<u>(6,841)</u>	<u>(8,904)</u>
Net Cash (Used) by Financing Activities	<u>(6,841)</u>	<u>(8,904)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	315,393	(36,233)
Beginning Cash and Cash Equivalents	<u>845,702</u>	<u>881,935</u>
Ending Cash and Cash Equivalents	<u><u>\$1,161,095</u></u>	<u><u>\$ 845,702</u></u>
Interest Paid	<u>\$ 1,159</u>	<u>\$ 762</u>
Taxes Paid	<u>\$ 0</u>	<u>\$ 0</u>



2017

	<i><b>Program Services</b></i>	<i><b>Management and General</b></i>	<i><b>Fund Raising</b></i>	<i><b>TOTAL</b></i>
Accounting and Audit	\$ 11,853	\$ 11,852	\$ 0	\$ 23,705
Advertising and Publicity	150	0	0	150
Auto and Travel	8,028	0	0	8,028
Bank Charges and Fees	0	16,317	0	16,317
Bird Food	48,205	0	0	48,205
Board Meeting	0	1,915	0	1,915
Business Development	819	819	0	1,638
Contract Labor	37,691	0	0	37,691
Depreciation	26,248	0	0	26,248
Dues and Memberships	0	1,329	0	1,329
Educational Program Travel	125,021	0	0	125,021
Equipment Expense	4,290	0	0	4,290
Insurance Health	48,617	5,720	2,860	57,197
Insurance	16,673	1,853	0	18,526
Interest	762	0	0	762
Investment Fees	46,603	0	0	46,603
Legal	0	272	0	272
License and Fees	0	3,830	0	3,830
Marketing	1,059	0	0	1,059
Miscellaneous	2,976	0	0	2,976
Office Machine Rental	0	4,834	0	4,834
Salaries	599,708	70,584	35,292	705,584
Payroll Taxes	51,483	6,057	3,029	60,569
Pension	982	53	25	1,060
Postage	19,165	9,583	9,583	38,331
Printing	32,872	0	0	32,872
Rent	36,001	0	0	36,001
Repairs	16,625	0	0	16,625
Special Miscellaneous Expense	14,332	0	0	14,332
Supplies	21,816	0	0	21,816
Other Tax	527	0	0	527
Telecommunications	14,644	1,723	862	17,229
Uniforms	3,664	0	0	3,664
Video Production	0	0	1,311	1,311
Website/Webcam	227,355	0	0	227,355
Veterinary Care	20,333	0	0	20,333
	<u>\$ 1,438,502</u>	<u>\$ 136,741</u>	<u>\$ 52,962</u>	<u>\$ 1,628,205</u>



## **AMERICAN EAGLE FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2018 and 2017**

#### **NOTE 1 – ORGANIZATION AND TAX-EXEMPT PURPOSE**

The American Eagle Foundation (the Foundation) was incorporated as a not-for-profit corporation on November 4, 1985. Significant operations commenced on April 23, 1986. The Foundation is a publicly supported organization established to restore America's bald eagle population to appropriate and non-endangered levels, and to continue the caring, protection, rehabilitation, restoration, education, monitoring, research, management and enhancement programs necessary to accomplish the Foundation's objectives. The organization also exists to preserve America's wildlife, waterways, forests, natural resources, ecosystem and environment.

Fundraising methods used by the Foundation include personal contact, direct mail, radio, television, newspaper and magazine advertising and public service announcements, house-to-house canvas, employee solicitation campaigns, corporate sponsorships, foundation grant solicitations, civic, fraternal, patriotic, and educational organization solicitation campaigns, national 800 telephone number, licensed products, chapters, special benefit events, and the sale of merchandise.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

**Net Assets Without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

**Net Assets With Donor Restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

## *AMERICAN EAGLE FOUNDATION*

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2018 and 2017

#### Property and Equipment

Equipment is carried at cost. Depreciation is provided using the straight-line method based on the estimated useful life of the asset. Donated equipment is capitalized at its estimated market value at the date of the gift. Depreciation expense for 2018 is \$24,271 and \$26,248 for 2017.

#### Taxes

The Foundation is a tax-exempt corporation under Section 501(a) of the Internal Revenue Code, as described in Section 501(c)(3). Accordingly, no provision for income taxes has been made in the financial statements. It is classified as a non-profit, publicly supported foundation. Donations to this organization are tax-deductible.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Merchandise Inventory

Inventory consists of shirts, mugs, magnets, key chains, patches, limited edition art prints, decals, jewelry, greeting cards, video tapes, compact discs and poster prints. All are carried on the books at cost.

#### Statement of Cash Flows

American Eagle Foundation considers, for the purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

# AMERICAN EAGLE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2018 and 2017

### Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Time and Effort
Salaries and Benefits	Time and Effort
Education and Awareness	Time and Effort
Occupancy	Square Footage
Professional Services	Full Time Equivalent
Printing	Full Time Equivalent
Information Technologies	Full Time Equivalent
Travel	Time and Effort
Depreciation	Square Footage
Other	Time and Effort

### NOTE 3 – GIFTS-IN-KIND

All Gifts-in-Kind (GIK) are recorded at fair value as stated by the donor. All GIK donations were used by the organization in accordance with its tax-exempt purpose and program objectives. Major sources of GIK revenue are as follows:

	<u>2018</u>	<u>2017</u>
Dollywood (building use and utilities)	\$ 36,000	\$ 36,000
Charles River Laboratories, Wilmington, MA (bird food)	5,500	3,500
Telecom/Comcast (internet service utilities)	1,850	1,850
Supplies	<u>1,191</u>	<u>1,616</u>
	<u>\$ 44,541</u>	<u>\$ 42,966</u>

### In-kind Contributions of Labor

Numerous individuals have donated their time, labor and services to various activities of the American Eagle Foundation, including bird care, maintenance, carpentry, merchandise sales, and office work. No value has been added to the financial statements for these volunteer services.

# AMERICAN EAGLE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2018 and 2017

### NOTE 4 – NOTES PAYABLE

	<u>2018</u>	<u>2017</u>
Notes payable consist of the following:		
Line of credit note with bank, with interest of 7%, available \$50,000	\$ 0	\$ 0
Installment loan collateralized with vehicle, with interest of 4.75% with a monthly payment of \$410, which includes interest	0	2,423
Installment loan collateralized with organization property, with interest of 4.75% with a monthly payment of \$427, which includes interest	<u>12,035</u>	<u>16,453</u>
	12,035	18,876
Less Current Portion	<u>&lt;4,400&gt;</u>	<u>&lt;6,623&gt;</u>
Long-term Portion	<u>\$ 7,635</u>	<u>\$ 12,253</u>

### Loan is amortized as follows:

For the years ending December 31, 2019	\$ 4,400
2020	4,600
2021	<u>3,035</u>
	<u>\$ 12,035</u>

### NOTE 5 – INVESTMENTS

Investments at December 31 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Various Investment Organizations	\$ 7,407,374	\$ 7,984,997
Gold, Silver and Clad Coin Inventory		
(for future AEF sales at cost)	<u>183,873</u>	<u>687,000</u>
<i>Total</i>	<u>\$ 7,591,247</u>	<u>\$ 8,671,997</u>

# *AMERICAN EAGLE FOUNDATION*

## NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2018 and 2017

Activities of board restricted endowment accounts are listed as follows:

	<u>2018</u>	<u>2017</u>
Balance of Board Restricted Endowment, Beginning of Year	\$ 8,858,541	\$ 8,125,127
Coin Sales (Net of Expense)	5,308	6,530
Earnings (Loss)	<419,487>	905,796
Grants	<u>&lt;198,572&gt;</u>	<u>&lt;178,912&gt;</u>
Change in Value	<u>&lt;612,751&gt;</u>	<u>733,414</u>
Balance of Board Restricted Endowment, End of Year	<u>\$ 8,245,790</u>	<u>\$ 8,858,541</u>

The above-mentioned various diversified investments represent board restricted monies placed in the Foundation's "American Eagle Fund" endowment, which was largely established in 2008.

Use of the monies from the endowment fund will primarily be drawn from the annual gains earned in excess of the designated principal amount and will be used only for programs, projects and activities that specifically support public environment/eco-system education and eagle care, recovery, protection and enhancement.

The AEF board has decided that 75% of the funds will be granted to other organizations for various eagle-related projects and that 25% will be used by the American Eagle Foundation for eagle-related public education, care, monitoring, recovery and protection.

### NOTE 6 – U.S. MINT COINS

During 2008, the U.S. Mint (per a unanimous act of U.S. Congress) sold Commemorative American Bald Eagle Coins for the sole benefit of supporting eagle care, recovery, protection and enhancement programs, as well as related public education programs.

At the 2008 year-end, the Foundation bought some of the unsold U.S. Mint Commemorative Eagle Coins at a cost of \$819,644. These coins are on sale through the Foundation's website and other gift shop locations. At the end of 2018, all gold coins excluding 18 coins were sold and are included in coin sales. Coins were sold for a small gain.

	<u>December 31,</u> <u>2018</u>	<u>2017</u>
Coin Sales	\$ 508,435	\$ 19,659
Costs of Coin Sales	<u>503,127</u>	<u>13,129</u>
(Loss) Gain on Sale of Coins	<u>\$ 5,308</u>	<u>\$ 6,530</u>

## ***AMERICAN EAGLE FOUNDATION***

### **NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2018 and 2017**

#### **NOTE 7 – OTHER NOTES**

Since 1990, Dolly Parton's Dollywood entertainment park has joined the Foundation as an Official Corporate Sponsor to develop and operate a National Eagle Education, Breeding and Rehabilitation Center in the Great Smoky Mountains area (Pigeon Forge, Tennessee). The multimillion dollar complex included a gigantic aviary that features the world's largest presentation of "non-releasable" bald eagles, all displayed in an outdoor natural habitat. An educational Birds of Prey Show is performed six months out of the year in a theater adjacent to the eagle aviary. Also, the Foundation rehabilitates injured birds of prey, conducts eagle/environmental education programs, and hatches young eagles for release into the wild. The Foundation raptor facility officially opened its doors in April 1991.

From 1991 to the present, numerous national corporations have given the Foundation financial support to conduct a variety of local, state-wide, regional and national programs, including fundraising, marketing, public education and birds of prey care and recovery.

Since 1991, the Foundation has participated in the U.S. Government's Combined Federal Campaign. The Foundation's participation in the CFC has been annually approved by the U.S. Office of Personnel Management under strict guidelines. The Foundation is a member of Animal Charities of America, which is an affiliate member of Independent Charities of America. The Foundation and its "live" trained eagles and birds of prey have participated in many CFC promotional and educational events, including for the Defense Intelligence Agency, Library of Congress, Defense Nuclear Agency, Defense Mapping Agency, Pentagon, Naval Surface Warfare Center, Army Corp of Engineers, U.S. State Department of Commerce, U.S. Postal Service and U.S. Coast Guard.