

AMERICAN EAGLE FOUNDATION

Pigeon Forge, Tennessee

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

AMERICAN EAGLE FOUNDATION

TABLE OF CONTENTS

Independent Accountant's Audit Report	1
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Cash Flows.....	4
Statements of Functional Expenses	5
Notes to Financial Statements.....	6 - 11

HUGHES & GOSNELL

Certified Public Accountants

Stephen R. Hughes, CPA
Bill Gosnell, CPA

3814 Powers Street, Suite 2
Knoxville, Tennessee 37917

Phone (865) 688-0351
Facsimile (865) 688-0386

Member
American Institute of
Certified Public Accountants
Tennessee Society of
Certified Public Accountants

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, 2020 and 2019, 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, 2020 and 2019, 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 CPAs

July 19, 2021
Knoxville, Tennessee

AMERICAN EAGLE FOUNDATION

STATEMENTS OF FINANCIAL POSITION December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 540,012	\$ 745,949
Inventories (Note 2)	<u>104,953</u>	<u>104,953</u>
Total Current Assets	<u>644,965</u>	<u>850,902</u>
FIXED ASSETS (Note 2)		
Land	615,000	0
Software	4,500	3,000
Equipment	148,372	126,175
Vehicles	81,999	81,997
Building	271,951	271,951
Furniture and Fixtures	<u>30,665</u>	<u>28,685</u>
	1,152,487	511,808
Less: Accumulated Depreciation	<u>(296,703)</u>	<u>(256,742)</u>
Total Fixed Assets	<u>855,784</u>	<u>255,066</u>
INVESTMENTS (Note 5)	<u>8,468,326</u>	<u>8,918,100</u>
OTHER ASSETS		
Audio/Video Masters	37,930	37,930
Trademarks	1,819	1,819
Educational Birds	6,825	6,825
Deposits	2,370	2,370
Donated Land	<u>5,200</u>	<u>5,200</u>
Total Other Assets	<u>54,144</u>	<u>54,144</u>
Total Assets	<u><u>\$ 10,023,219</u></u>	<u><u>\$ 10,078,212</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 9,276	\$ 46,144
Current Portion of Note Payable	<u>0</u>	<u>4,600</u>
Total Current Liabilities	9,276	50,744
Long-term Liabilities		
Note Payable (Net of Current Portion)	<u>0</u>	<u>3,190</u>
Total Liabilities	<u>9,276</u>	<u>53,934</u>
Net Assets		
Without Donor Restriction	222,058	499,052
Board Restricted	<u>9,791,885</u>	<u>9,525,226</u>
Total Net Assets	<u>10,013,943</u>	<u>10,024,278</u>
Total Liabilities and Net Assets	<u><u>\$ 10,023,219</u></u>	<u><u>\$ 10,078,212</u></u>

AMERICAN EAGLE FOUNDATION

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue		
Contributions/Sponsorship	\$ 667,142	\$ 649,769
Educational Programs/Bird Shows	24,845	100,137
Show Travel Reimbursement	4,805	18,826
Souvenir Revenue, Net of Expense	8,868	27,407
Gifts in Kind	46,500	44,200
Membership Dues	35,169	34,705
State License Plate Income	250,375	244,392
Miscellaneous Income	6,922	57,662
Grant from American Eagle Foundation	100,000	100,000
	<u>1,144,626</u>	<u>1,277,098</u>
Total Revenue		
Expenses		
Program Service	1,153,624	1,248,312
Management and General	212,574	200,024
Fundraising	55,422	61,404
	<u>1,421,620</u>	<u>1,509,740</u>
Total Expenses		
Increase <Decrease> in Net Assets Without Donor Restrictions	<u>(276,994)</u>	<u>(232,642)</u>
NET ASSETS - BOARD RESTRICTED		
Coin Sales, Net of Expenses	(12,352)	(8,966)
Investment Income <Loss>	473,347	1,482,284
Grants	(194,336)	(193,882)
	<u>266,659</u>	<u>1,279,436</u>
Increase <Decrease> in Board Restricted Net Assets		
Increase <Decrease> in Net Assets	(10,335)	1,046,794
NET ASSETS AT BEGINNING OF YEAR	<u>10,024,278</u>	<u>8,977,484</u>
NET ASSETS AT END OF YEAR	<u>\$10,013,943</u>	<u>\$10,024,278</u>

AMERICAN EAGLE FOUNDATION

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<Decrease> Increase in Net Assets	\$ (10,335)	\$1,046,794
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	37,961	32,197
(Increase) Decrease in Operating Assets		
Accounts Receivable - Employees	0	8
Inventories	0	23,389
Deposits	0	(561)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(36,868)	11,220
Net Cash Provided by Operating Activities	<u>(9,242)</u>	<u>1,113,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(640,679)	(197,095)
Change in Long-term Investments	451,774	(1,326,853)
Net Cash Provided (Used) by Investing Activities	<u>(188,905)</u>	<u>(1,523,948)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Loans	(7,790)	(4,245)
Net Cash (Used) by Financing Activities	<u>(7,790)</u>	<u>(4,245)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(205,937)	(415,146)
Beginning Cash and Cash Equivalents	<u>745,949</u>	<u>1,161,095</u>
Ending Cash and Cash Equivalents	<u>\$ 540,012</u>	<u>\$ 745,949</u>
Interest Paid	<u>\$ 171</u>	<u>\$ 477</u>
Taxes Paid	<u>\$ 0</u>	<u>\$ 0</u>

AMERICAN EAGLE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2020 and 2019

	2020			
	<i>Program Services</i>	<i>Management and General</i>	<i>Fund Raising</i>	TOTAL
Accounting and Audit	\$ 0	\$ 19,640	\$ 0	\$ 19,640
Auto and Travel	2,676	0	0	2,676
Bank Charges and Fees	0	7,727	0	7,727
Bird Food	48,195	0	0	48,195
Board Meeting	0	0	0	0
Business Development	1,188	1,187	0	2,375
Contract Labor	72,732	0	0	72,732
Depreciation	0	39,961	0	39,961
Dues and Memberships	0	2,898	0	2,898
Educational Program Travel	7,702	0	0	7,702
Equipment Expense	14,543	0	0	14,543
Insurance Health	52,510	6,177	3,089	61,776
Insurance	15,965	1,775	0	17,740
Interest	171	0	0	171
Legal	0	7,906	0	7,906
License and Fees	0	4,300	0	4,300
Marketing	0	0	6,547	6,547
Miscellaneous	966	0	0	966
Office Machine Rental	0	4,240	0	4,240
Salaries	690,908	81,283	40,641	812,832
Payroll Taxes	54,069	6,361	3,181	63,611
Pension	1,766	207	103	2,076
Postage	1,129	564	564	2,257
Printing	10,986	0	0	10,986
Rent	36,001	0	0	36,001
Repairs	18,524	0	0	18,524
Special Miscellaneous Expense	9,831	0	0	9,831
Supplies	27,826	0	0	27,826
Other Tax	2,781	0	0	2,781
Telecommunications	22,045	2,593	1,297	25,935
Uniforms	2,676	0	0	2,676
Travel	19,150	0	0	19,150
Website/Webcam	17,061	0	0	17,061
Veterinary Care	22,223	0	0	22,223
Gifts	0	25,755	0	25,755
	<u>\$ 1,153,624</u>	<u>\$ 212,574</u>	<u>\$ 55,422</u>	<u>\$ 1,421,620</u>

	2019			
	<i>Program Services</i>	<i>Management and General</i>	<i>Fund Raising</i>	<i>TOTAL</i>
Accounting and Audit	\$ 0	\$ 29,302	\$ 0	\$ 29,302
Auto and Travel	41,329	0	0	41,329
Bank Charges and Fees	0	10,675	0	10,675
Bird Food	46,376	0	0	46,376
Board Meeting	0	3,345	0	3,345
Business Development	3,303	3,303	0	6,606
Contract Labor	69,119	0	0	69,119
Depreciation	0	32,197	0	32,197
Dues and Memberships	0	125	0	125
Educational Program Travel	47,525	0	0	47,525
Equipment Expense	9,766	0	0	9,766
Insurance Health	43,966	5,173	2,586	51,725
Insurance	17,247	1,916	0	19,163
Interest	477	0	0	477
Investment Fees	54,173	0	0	54,173
Legal	0	13,085	0	13,085
License and Fees	0	5,970	0	5,970
Marketing	0	0	13,031	13,031
Miscellaneous	1,496	0	0	1,496
Office Machine Rental	0	3,798	0	3,798
Salaries	633,488	74,528	37,264	745,280
Payroll Taxes	55,355	6,512	3,256	65,123
Pension	3,152	371	186	3,709
Postage	7,031	3,516	3,516	14,063
Printing	10,382	0	0	10,382
Rent	36,141	0	0	36,141
Repairs	30,003	0	0	30,003
Special Miscellaneous Expense	17,023	0	0	17,023
Supplies	21,825	0	0	21,825
Other Tax	236	0	0	236
Telecommunications	26,606	3,130	1,565	31,301
Uniforms	6,022	0	0	6,022
Video Production	3,749	0	0	3,749
Website/Webcam	33,753	0	0	33,753
Veterinary Care	28,769	0	0	28,769
Gifts	0	3,078	0	3,078
	<u>\$1,248,312</u>	<u>\$ 200,024</u>	<u>\$ 61,404</u>	<u>\$1,509,740</u>

AMERICAN EAGLE FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019**

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 2020 is \$39,961 and \$32,197 for 2019.

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, 2020 and 2019**

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>2020</u>	<u>2019</u>
Dollywood (building use and utilities)	\$ 36,000	\$ 36,000
Charles River Laboratories, Wilmington, MA (bird food)	10,500	0
Supplies	<u>0</u>	<u>1,200</u>
	<u>\$ 46,500</u>	<u>\$ 44,200</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, 2020 and 2019

NOTE 4 – NOTES PAYABLE

	<u>2020</u>	<u>2019</u>
Notes payable consist of the following:		
Installment loan collateralized with organization property, with interest of 4.75% with a monthly payment of \$427, which includes interest	\$ <u>0</u>	\$ <u>7,790</u>
	0	7,790
Less Current Portion	<u>0</u>	<u><4,600></u>
Long-term Portion	<u>\$ 0</u>	<u>\$ 3,190</u>
Loan is amortized as follows:		
For the years ending December 31, 2020	\$ 0	\$ 4,600
2021	<u>0</u>	<u>3,190</u>
	<u>\$ 0</u>	<u>\$ 7,790</u>

NOTE 5 – INVESTMENTS

	<u>2020</u>	<u>2019</u>
Investments at December 31 are summarized as follows:		
Various Investment Organizations	\$ 8,314,173	\$ 8,734,227
Gold, Silver and Clad Coin Inventory		
(for future AEF sales at cost)	<u>154,153</u>	<u>183,873</u>
Total	<u>\$ 8,468,326</u>	<u>\$ 8,918,100</u>

AMERICAN EAGLE FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

Activities of board restricted endowment accounts are listed as follows:

	<u>2020</u>	<u>2019</u>
Balance of Board Restricted Endowment, Beginning of Year	\$ <u>9,525,226</u>	\$ <u>8,245,790</u>
Coin Sales (Net of Expense)	<12,352>	<8,966>
Earnings (Loss)	473,347	<1,482,284>
Grants	<u><194,336></u>	<u><193,882></u>
Change in Value	<u>266,659</u>	<u><1,193,882></u>
Balance of Board Restricted Endowment, End of Year	\$ <u>9,791,885</u>	\$ <u>9,525,226</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.

At a meeting held on June 17, 2020, the Board of Directors voted on and approved by majority, the liquidation of funds held at the Trust Company of Knoxville for the purpose of purchasing land at 510 Kodak Road, Kodak, Tennessee and construction of our new AEF facility. The Executive Director is officially authorized by the AEF Board of Directors to liquidate in installments as needed, all assets currently being held at the Trust Company of Knoxville to be used for the purposes stated above. The Board has authorized Executive Director to liquidate \$1,200,000 at the soonest possible date, to purchase the land and begin construction.

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.

AMERICAN EAGLE FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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.

	December 31,	2020	2019
Coin Sales	\$	17,368	\$ 12,043
Costs of Coin Sales		<29,720>	\$ <21,009>
(Loss) Gain on Sale of Coins	\$	<12,352>	\$ <8,966>

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.

NOTE 8 – LIQUIDITY DISCLOSURES

The Foundation has \$540,012 of financial assets available within one year at the balance sheet date to meet cash needs for general expenditures consisting of cash of \$540,012. None of the financial assets are subject to donor or other contracted restrictions that make them unavailable for general expenditures within one year of the balance sheet date.