

**EAGLE ISLAND, INC.**  
**DBA**  
**FRIENDS OF EAGLE ISLAND, INC.**

**FINANCIAL STATEMENTS**

For the Year Ended  
December 31, 2016

\* \* \*

**EAGLE ISLAND, INC.**  
**DBA**  
**FRIENDS OF EAGLE ISLAND, INC.**

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Board of Directors  
Eagle Island, Inc.  
Livingston, New Jersey

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of Eagle Island, Inc., a non-profit organization, (the Organization), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor considers internal control relevant to the entity's 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 entity's 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.

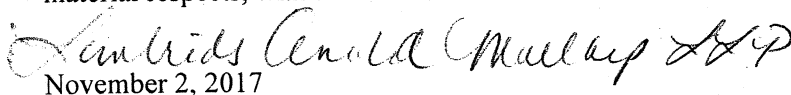
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eagle Island, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
November 2, 2017

**EAGLE ISLAND, INC.**  
**DBA**  
**FRIENDS OF EAGLE ISLAND, INC**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION**  
**AS OF DECEMBER 31, 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 336,245	\$ 380,275
Pledges receivable (Note 3)	242,550	100,000
Accounts receivable	3,543	-
Prepaid expense	8,513	5,253
Property, plant and equipment (Note 5)	<u>2,745,441</u>	<u>2,530,558</u>
Total assets	<u>\$ 3,336,292</u>	<u>\$ 3,016,086</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,619	\$ 12,836
Refundable advance	<u>10,000</u>	<u>-</u>
Total liabilities	<u>15,619</u>	<u>12,836</u>
Net Assets:		
Net invested in property, plant and equipment	2,745,441	2,530,558
Unrestricted	<u>326,837</u>	<u>372,692</u>
Total unrestricted	<u>3,072,278</u>	<u>2,903,250</u>
Temporarily restricted (Note 6)	<u>248,395</u>	<u>100,000</u>
Total net assets	<u>3,320,673</u>	<u>3,003,250</u>
Total liabilities and net assets	<u>\$ 3,336,292</u>	<u>\$ 3,016,086</u>

See notes to the financial statements.

Exhibit A

**EAGLE ISLAND, INC.**  
**DBA**  
**FRIENDS OF EAGLE ISLAND, INC**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION**  
**AS OF DECEMBER 31, 2015**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	
			<u>2016</u>	<u>2015</u>
<b>Revenue, Gains, and Other Support:</b>				
Contributions, gifts, and grants	\$ 237,367	\$ 248,395	\$ 485,762	\$ 2,942,822
Gifts-in-kind (Note 7)	111,478		111,478	77,465
Investment Income	181		181	-
Net assets released from restrictions (Note 6)	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Total revenue, gains, and other support	<u>449,026</u>	<u>148,395</u>	<u>597,421</u>	<u>3,020,287</u>
<b>Expenses and Losses:</b>				
Program services	<u>99,945</u>		<u>99,945</u>	<u>3,003</u>
Supporting services:				
Management and general	82,000		82,000	31,336
Fundraising	<u>13,168</u>		<u>13,168</u>	<u>3,088</u>
Total supporting services	<u>95,168</u>		<u>95,168</u>	<u>34,424</u>
Total expenses	<u>195,113</u>		<u>195,113</u>	<u>37,427</u>
Loss on well drilling cost (Note 11)	<u>84,885</u>	<u>-</u>	<u>84,885</u>	<u>-</u>
Total expenses and losses	<u>279,998</u>	<u>-</u>	<u>279,998</u>	<u>37,427</u>
<b>Change in Net Assets</b>	169,028	148,395	317,423	2,982,860
<b>Net Assets at Beginning of Year</b>	<u>2,903,250</u>	<u>100,000</u>	<u>3,003,250</u>	<u>20,390</u>
<b>Net Assets at End of Year</b>	<u>\$ 3,072,278</u>	<u>\$ 248,395</u>	<u>\$ 3,320,673</u>	<u>\$ 3,003,250</u>

See notes to the financial statements.

Exhibit B

**EAGLE ISLAND, INC.**  
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**FRIENDS OF EAGLE ISLAND, INC**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION**  
**AS OF DECEMBER 31, 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 317,423	\$ 2,982,860
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	34,589	-
Bad debt expense	20,177	-
Discount on pledges receivable	26,197	-
Contributions restricted for capital expenditures	(20,909)	(2,450,000)
(Increase) decrease in:		
Pledges receivable	(188,924)	(100,000)
Accounts receivable	(3,543)	-
Prepaid expenses and deposits	(3,260)	(5,253)
Increase (decrease) in:		
Accounts payable	(7,217)	12,836
Refundable advance	10,000	-
Net cash provided by operating activities	<u>184,533</u>	<u>440,443</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from contribution restricted for capital expenditures	20,909	2,450,000
Purchases of fixed assets	<u>(249,472)</u>	<u>(2,530,558)</u>
Net cash used by financing activities	<u>(228,563)</u>	<u>(80,558)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(44,030)	359,885
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>380,275</u>	<u>20,390</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 336,245</u>	<u>\$ 380,275</u>
<b>Supplemental Disclosure:</b>		
Non-cash investing activities:		
Capitalized in-kind professional fees	\$ 111,478	\$ 42,477
Donated securities	<u>14,909</u>	<u>-</u>

See notes to the financial statements.

Exhibit C

EAGLE ISLAND, INC.  
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FRIENDS OF EAGLE ISLAND, INC

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION  
AS OF DECEMBER 31, 2015

	SUPPORTING SERVICES				TOTAL EXPENSES	
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	2016	2015
Total salaries and related expense	\$ 5,311	\$ 37,176	\$ 10,622	\$ 47,798	\$ 53,109	\$ 9,296
Professional fees		10,100		10,100	10,100	18,204
Office supplies and expense	191	1,338	382	1,720	1,911	996
Bank and processing fees		3,554		3,554	3,554	2,199
Insurance		9,655		9,655	9,655	2,767
Repairs and maintenance	56,521			-	56,521	2,058
Travel				-	-	498
Advertising			2,164	2,164	2,164	-
Bad debt expense		20,177		20,177	20,177	-
Depreciation	34,589			-	34,589	-
Miscellaneous	3,333			-	3,333	1,409
Total expenses	\$ 99,945	\$ 82,000	\$ 13,168	\$ 95,168	\$ 195,113	\$ 37,427

**EAGLE ISLAND, INC.**  
**DBA**  
**FRIENDS OF EAGLE ISLAND, INC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**1. Purpose and Funding:**

Eagle Island, Inc. (the Organization) is a New York not-for-profit corporation, exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization was established to acquire Eagle Island, in Upper Saranac Lake, New York, to conserve and preserve its natural and historic character, and to provide an environmentally responsible Adirondack island camping experience for diverse youth, as well as to provide a destination for those who wish to engage in an exceptional out-of-doors experience.

Funding is provided primarily by contributions from the general public and grants.

**2. Summary of Significant Accounting Policies:**

(a) *Basis of Accounting*

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) *Cash and Cash Equivalents*

For the purpose of reporting cash flows, cash and cash equivalents includes cash on-hand and in banks and money market funds, as well as certificates of deposit with initial maturity dates of ninety days or less.

(c) *Pledges Receivable*

Firm pledges are recognized as income in the year for which the pledge is made. Pledges that are expected to be received within one year are recorded at net realized value. Pledges that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using incremental borrowing rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue.

(d) *Conditional Promises to Give*

Conditional promises to give are not recognized in the financial statements until conditions are substantially met.

(e) *Fixed Assets and Depreciation*

Fixed assets are stated at cost, or in the case of donated assets, at fair market value at the date of the gift. Depreciation is recorded on a straight line basis over the estimated useful lives of the assets as follows:

Building and improvements	40 years
Equipment, furniture and fixtures	3-7 years

The Organization's capitalization threshold is \$500.

Continued



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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**2. Summary of Significant Accounting Policies (continued):**

**(f) *Unrestricted Contributions, Gifts, and Grants***

Contributions, gifts, and grants are recorded as public support upon receipt of cash or unconditional promises to give (pledges.) Contributions, gifts, and grants are considered available for unrestricted use unless specifically restricted by the donor or grantor.

**(g) *Recognition of Restricted Support***

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization reflects restricted contributions (including contributions of long-lived assets) whose restrictions are met in the same reporting period as unrestricted contributions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**(h) *Donated Services:***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**(i) *Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**(j) *Use of Estimates***

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

Continued

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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

2. **Summary of Significant Accounting Policies (continued):**

(k) *Income Tax Status*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The Organization has no unrecognized tax benefits at December 31, 2016. The Organization's federal and state income tax returns prior to fiscal year 2013 are closed and management continually evaluates changes in tax law and new authoritative rulings. The payroll tax returns, for the years ended December 31, 2016 and 2015, are subject to examination by the IRS, generally for 3 years after they were filed.

If applicable, the Organization will recognize interest and penalties associated with tax matters as management and general charges and include accrued interest and penalties with accounts payable and accrued expenses in the statements of financial position. There were no interest or penalties paid for the year ended December 31, 2016.

(l) *Prior-Year Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2015, from which summarized information was derived.

(m) *Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

\$100,000 of temporarily restricted net assets were included in the unrestricted net asset line on the prior year statement of financial position. A prior year reclassification was made and temporarily restricted net assets available at December 31, 2015 were reported as a separate line on the statement of financial position.

For comparative purposes, net assets invested in property, plant and equipment totaling \$2,530,558 were reclassified and reported as a separate line on the statement of financial position.

For comparative purposes, contribution for capital projects of \$2,450,000 were reclassified and reported as a separate line on the statement of cash flow.

Continued

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**3. Pledges Receivable:**

Pledges receivable as of December 31, 2016 consists of the following:

Unconditional promises expected to be collected in:		
Less than one year	\$	56,664
One to five years		175,503
After five years		56,660
Subtotal		<u>288,827</u>
Less: allowance for uncollectable pledges		(20,080)
Less: unamortized discount		(26,197)
	\$	<u>242,550</u>

**4. Conditional Promises to Give:**

Individual intents to give expected to be collected in one year	\$	26,000
New York State's Office of Parks Recreation and Historic Preservation grant		<u>498,825</u>
	\$	<u>524,825</u>

**5. Property, Plant and Equipment:**

A summary of plant assets at December 31, 2016 are as follows:

Land and land improvements	\$	1,396,559
Buildings		1,249,787
Building improvements		32,962
Furniture, fixtures and equipment		44,770
Less accumulated depreciation		<u>(34,589)</u>
		<u>2,689,489</u>
Construction in progress		55,952
Total	\$	<u>2,745,441</u>

**6. Temporarily Restricted Net Assets:**

Temporarily restricted net assets were available for the following purposes:

Purpose restrictions:		
MacBeth boat fund	\$	4,410
Life jacket fund		1,435
Time restriction - pledges		<u>242,550</u>
	\$	<u>248,395</u>

Continued

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**6. Temporarily Restricted Net Assets: (continued)**

Net assets were released for the following purposes:

Collected pledges receivable	<u>\$ 100,000</u>
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**7. Donated Services:**

The Organization received contributed services for the land use amendment. The value of the donated services included as a contribution in the financial statements and the corresponding land asset for the year ended December 31, 2016 was \$111,478.

**8. Cash Flow Information:**

No liabilities for income taxes were incurred or paid during the year ended December 31, 2016.

**9. Concentration of Revenue:**

During 2016, the Organization received approximately 42% of its revenue from 8 donors.

**10. Related Party Transactions:**

The entity that provides general contractor, maintenance, and transportation services to the Organization is owned by an individual who is family-related to a board member. In 2016, the Organization paid \$68,571 to the vendor.

**11. Well Drilling Cost:**

In 2016, the Organization drilled two ground water wells as recommended by the New York State Department of Health. Both wells were non-productive and all costs associated with this project were expensed in 2016. The Organization is now designing a water system using surface water.

**12. Subsequent Events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 2, 2017, the date the financial statements were available to be issued.

In February 2017, the Organization entered into a contract with B&R Construction, Inc. for the purchase of a barge for the amount of \$58,536.

In May 2017, the Organization signed a contract with Donald Bennett Repairs for capital improvements and committed to pay \$65,924.

In June 2017, the Organization changed its legal name to Eagle Island, Inc.

Concluded