

FORT CAMPBELL HISTORICAL
FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019

FORT CAMPBELL HISTORICAL FOUNDATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fort Campbell Historical Foundation, Inc.
32 Screaming Eagle Blvd
Fort Campbell, KY 42223-5380

We have audited the accompanying financial statements of Fort Campbell Historical Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows 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 from 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 the Fort Campbell Historical Foundation, Inc. as of December 31, 2019, 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.

One Source Accounting & Tax

Clarksville, Tennessee
March 9, 2020

FORT CAMPBELL HISTORICAL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash	\$	305,667
Certificate of Deposit		312,824
Inventory		37,354
Total Current Assets		655,845

CASH - RESTRICTED

PROPERTY AND EQUIPMENT

Construction in Progress		9,624,645
Furniture and Equipment		19,080
Less: Accumulated Depreciation		(19,080)
Total Property and Equipment		9,624,645

Total Assets	\$	10,280,490
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	772
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NET ASSETS

Without Donor Restrictions		10,193,806
With Donor Restrictions		85,912
Total Net Assets		10,279,718

Total Liabilities and Net Assets	\$	10,280,490
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See accompanying notes and independent auditor's report.

FORT CAMPBELL HISTORICAL FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Restrictions	With Donor Restrictions	Totals
<u>REVENUES, GAINS AND OTHER SUPPORT</u>			
Contributions	\$ 6,171	\$ 153,465	\$ 159,636
Merchandise Sales	114,580	-	114,580
Membership Fees	8,372	-	8,372
Interest Income	11,048	34	11,082
Net Assets Released from Restrictions	246,833	(246,833)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	387,004	(93,334)	293,670
 <u>EXPENSES</u>			
Program Services:			
Museum Support	10,959	-	10,959
Projects and Awards	9,024	-	9,024
Gift Shop Operations	138,038	-	138,038
Support Services:			
Management and General	347,287	-	347,287
Fundraising	5,814	-	5,814
TOTAL EXPENSES	511,122	-	511,122
CHANGE IN NET ASSETS	(124,118)	(93,334)	(217,452)
NET ASSETS BEGINNING OF YEAR	10,317,924	179,246	10,497,170
NET ASSETS END OF YEAR	\$ 10,193,806	\$ 85,912	\$ 10,279,718

See accompanying notes and independent auditor's report.

FORT CAMPBELL HISTORICAL FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in Net Assets	\$ (217,452)
Adjustments to Reconcile Change in Net Assets to Net Cash used by Operating Activities:	
Net Changes in:	
Inventory	1,796
Accounts Payable	163
Net Cash Used in Operating Activities	<u>(215,493)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Proceeds from Maturities of Certificates of Deposit	100,000
Purchase of Certificate of Deposit	<u>(10,228)</u>
Net Cash Provided by Investing Activities	<u>89,772</u>
 <u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	 (125,721)
 <u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	 <u>431,388</u>
 <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	 <u>\$ 305,667</u>

See accompanying notes and independent auditor's report.

FORT CAMPBELL HISTORICAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Support Services</u>		<u>Program Services</u>			<u>Total Functional Expenses</u>
	<u>Management and General</u>	<u>Fund Raising</u>	<u>Museum Support</u>	<u>Projects and Awards</u>	<u>Gift Shop Operations</u>	
Accounting and Professional Fees	\$ 11,680	\$ -	\$ -	\$ -	\$ -	\$ 11,680
Advertising and Public Relations	547	5,814	836	-	-	7,197
Bank and Credit Card Charges	3,876	-	-	-	4,027	7,903
Contributions	-	-	-	1,700	-	1,700
Dues and Subscriptions	2,255	-	-	-	590	2,845
Insurance	18,626	-	-	-	-	18,626
Internet	3,735	-	-	-	1,723	5,458
Merchandise Sold Costs	-	-	-	-	47,655	47,655
Meals and Entertainment	2,188	-	-	-	-	2,188
Miscellaneous	7,479	-	132	7,324	536	15,471
Office Equipment	-	-	-	-	-	-
Office Expense	7,253	-	-	-	417	7,670
Other Projects	-	-	489	-	-	489
Payroll	256,667	-	-	-	69,544	326,211
Payroll Expenses	19,784	-	-	-	5,320	25,104
Postage	2,455	-	216	-	3,915	6,586
Printing and Publication	1,619	-	68	-	-	1,687
Repairs and Maintenance	-	-	1,841	-	142	1,983
Supplies	-	-	4,091	-	3,654	7,745
Telephone	4,650	-	-	-	353	5,003
Travel	2,084	-	3,286	-	162	5,532
Utilities	2,389	-	-	-	-	2,389
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>\$ 347,287</u>	<u>\$ 5,814</u>	<u>\$ 10,959</u>	<u>\$ 9,024</u>	<u>\$ 138,038</u>	<u>\$ 511,122</u>

See accompanying notes and independent auditor's report.

FORT CAMPBELL HISTORICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation - The Fort Campbell Historical Foundation, Inc. (the Foundation) is a not-for-profit organization devoted to supporting the operations of the Don F. Pratt Military Museum on Fort Campbell, KY. The Foundation is chartered in the state of Tennessee and recognized by the Internal Revenue Service as a 501(c)(3) not-for-profit organization. The Foundation is governed by a President/CEO and a self-appointed Board of Directors.

Nature of Activities - The Foundation's programs and services are as follows:

Museum Support - The Don F. Pratt Museum is owned and operated by Fort Campbell. The Foundation supports the operations of the museum through donated funds and proceeds from the gift shop.

Wings of Liberty Museum - The Foundation is charged with overseeing the fundraising for and construction of the Wings of Liberty Museum. The Wings of Liberty Museum is a multi-million dollar project to replace the Don F. Pratt Museum with a state of the art, interactive museum and educational facility dedicated to preserving the legacy and history of the 101st Airborne Division and Fort Campbell. Fundraising for the project started in 1998 and the facility is expected to cost approximately \$32.5 million. Upon completion, the museum will be donated to Fort Campbell.

Projects and Awards - The Foundation receives donations for and provides support for historical projects related to the museum. The Foundation also receives donations for and provides support for units and soldiers located on Fort Campbell or associated with the 101st Airborne Division.

Gift Shop Operations - In accordance with Army regulations, the Foundation is required to operate a gift shop at the Don F. Pratt Museum.

Basis of Accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - The financial statements of the Foundation have been prepared on the accrual basis in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Net Assets – The net assets of the Foundation 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 Foundation. The Foundation'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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity.

Contributions - The Foundation reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors from restrictions. Net assets are primarily released from donor restrictions when time or use restrictions are satisfied.

Donated Facilities - Fort Campbell allows the Foundation to use facilities on post for its operations. The facilities are not available for rent by the general public. As such, no amounts have been reflected in the accompanying financial statements for the rental value.

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment must be reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Cash and Cash Equivalents - Cash and cash equivalents consist of short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

Financial Instruments - The Foundation's significant financial instruments are cash and certificate of deposit. Carrying values approximate fair value.

Inventory - Inventory, consisting of gift shop merchandise and print inventory, is stated at the lower of cost or market value determined on a first-in, first-out basis.

Property and Equipment - Property and equipment are generally carried at cost. Depreciation is computed using the straight-line method. Donated assets are recorded at their fair market value at the date of donation. The Foundation's policy is to capitalize assets with a useful life of over one year costing \$500 or more. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized for the period. The cost of repairs and maintenance is charged to expense as incurred.

Advertising - The Foundation uses advertising to promote its programs among the audience it serves. Advertising costs are expenses as incurred. During 2019, advertising costs totaled \$7,197.

Income Tax Status - The Foundation is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a public charity under Section 170(b)(1)(A)(vi) of the Internal Revenue Code. A provision for income taxes is not required.

Date of Management's Review - Subsequent events have been evaluated through March 9, 2020, which is the date the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT

Changes in Property and Equipment were as follows:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Construction in Progress	\$ 9,624,645	\$ -		\$ 9,624,645
Equipment	19,080	-	-	19,080
Less: Accumulated Depreciation	19,080	-	-	19,080
Net Property and Equipment	<u>\$ 9,624,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,624,645</u>

Construction in progress consists of pre-construction and exhibit costs associated with the Wings of Liberty Museum project. Upon completion, the Foundation will transfer the museum to Fort Campbell.

The Foundation utilizes office space under license with the Department of the Army. The license was renewed in January 2018 and expires December 31, 2022. The license also includes approximately 33 acres of land to be used for the Wings of Liberty Museum. The value of this contract is not included in these financial statements.

3. INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following at December 31, 2019:

	<u>Cost</u>	<u>Fair Value</u>
Certificate of Deposit	<u>\$ 312,824</u>	<u>\$ 312,824</u>

4. BOARD DESIGNATED NET ASSETS

The Board has approved a program to set aside funds from interest earning accounts to support the future operations of the Foundation and construction of the Wing of Liberty Military Museum. Interest earnings are maintained in the account. Board approval is required for distributions from the fund. The balance of board designated net assets include in net assets without donor restrictions at December 31, 2019 was \$51,282.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include donations and grants received by the Foundation for a specific purpose. Donations are maintained in cash accounts until the restrictions have been satisfied.

The following summarizes net assets with donor restrictions at December 31, 2019:

Wings of Liberty Museum - Construction	\$	60,615
Museum Support		9,627
Brick Sales		<u>15,670</u>
Total Net Assets with Donor Restrictions	\$	<u><u>85,912</u></u>

6. GIFT SHOP OPERATIONS

In accordance with Army regulations, the Foundation is required to operate a gift shop at the Don F. Pratt Museum. The gift shop sells memorabilia of the 101st Airborne Division and other units operating on Fort Campbell. Income and expenses for the gift shop for the year ended December 31, 2019 were as follows:

Sales	\$	112,959
Cost of Sales		<u>(47,655)</u>
Gross Profit		65,304
Operating Expenses		<u>(90,383)</u>
Net Margin	\$	<u><u>(25,079)</u></u>

Sales revenue and costs of sales are reported net of discounts, estimated returns and sales taxes.

7. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of December 31, 2019, the uninsured balance is \$89,122. The Foundation believes it is not exposed to any significant credit risk on its cash balances.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has \$655,845 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$305,667, certificate of deposit of \$312,824, and inventory of \$37,354.