

You just can't beat a combination of dedicated people and airplanes.

People and Airplanes

They are the best.

- Sport Aviation, August 196

EAA'S ANNUAL REPORT

EAA'S MISSION IS to bring people and airplanes together. When we do that, magic can happen.

I'm happy to report that EAA had another successful year of providing a genuine aviation experience for thousands of people. We finished our fiscal year, which ended in February, with more members at a total of 188,161, a positive balance sheet, and progress on helping to make personal flying more available and less of a hassle. Details are in the following pages.

I credit our positive results to the prudent management of your board of directors because we faced some unexpected headwinds. The biggest surprise was the nearly half-million-dollar bill the FAA handed us for air traffic control services for our annual convention and fly-in at Oshkosh. And the change in policy came just a few months before the big event.

We had the reserves to weather that turbulence and now have in place a nine-year agreement with the FAA going forward. We are now assured that we can continue to welcome more than 10,000 airplanes to Oshkosh during the week of convention with no unexpected charges or changes in operating procedures.

The other headwinds we encountered were not surprises. The number of active pilots continues to decline, as does the number of registered private airplanes of all types. The average age of pilots and airplanes is still increasing. But EAA has developed strategies to stabilize, and I believe even reverse, the negative trends we have been tracking for many years.

Our Young Eagles program continues to be aviation's most prominent and effective way to introduce young people to flying. We are closing in on 2 million Young Eagles flown, all by EAA members who volunteer their airplanes and flying skills. I can't thank all you enough for your care and giving to the next generation.

EAA is also working very effectively to make it easier for already certificated pilots to keep flying by lobbying for reform in third-class medical certification. This has been a long struggle, but our efforts are paying off. The FAA has announced new rules are being developed that will allow very expanded types of private flying using a driver's license instead of a third-class medical. The proposed rule changes have not been published as I write this, but I am convinced the changes will be significant and welcome.

EAA AirVenture Oshkosh, our annual fly-in, remains the single largest aviation event in the world and brings together more people and airplanes for one week than at any other place or time. Oshkosh not only shows the beauty and thrill of flying to hundreds of thousands, but also reignites the flying passion in all of us. As you can see in the financial statements in this report, Oshkosh is key to supporting all other EAA activities throughout the year.

The EAA AirVenture Museum continues to contain and display the premier collection of historic airplanes in many categories, telling the story of aviation from the first gliding and powered flights by the Wright brothers to the first privately designed and built spacecraft. EAA also takes flying history on the road with our faithfully restored B-17 *Aluminum Overcast* and our Ford Tri-Motor flying the country offering rides. Touring the two historic airplanes is a significant investment in keeping aviation history alive, but your directors are convinced it's worth the cost for as long as we can keep the airplanes operating.

As I review the solid results of a challenging year, I am once again reminded that none of this would be possible without the generous volunteer work of thousands of EAAers. Everything from buildings and grounds maintenance to flying Young Eagles is done by volunteers, and your board of directors and I can't thank each of you enough for your dedication.

Gal & Pelle

Financial Performance

FOR THE FISCAL YEAR that ended February 28, 2014, EAA and the EAA Aviation Foundation generated total revenues, gains, and other income of \$41.3 million, an increase of \$4.9 million or 13.6 percent.

AirVenture is EAA's single largest source of revenue at 37 percent of the total, consisting of admissions, camping, exhibits, sponsorship, commissions, and other miscellaneous sources. AirVenture 2013 revenues totaled \$15.1 million, \$400,000 or 2.9 percent higher than the prior year.

Membership levels increased 4.4 percent to 189,000 during FY 2014. Related dues income generated was \$5.75 million, relatively even with the prior year. Membership dues represent approximately 14 percent of EAA's total revenues.

Donations are important to EAA's mission of growing participation in aviation, providing essential support for Young Eagles, Air Academy,

Consolidated Statement of **Financial Position**

F	ebruary 28, 2014	February 28, 2013
Assets		
Current assets	13,742,876	9,821,613
Pledges receivable less current portion	on 44,296	66,562
Investments	25,928,273	22,638,349
Property and equipment	63,122,993	61,248,376
Less accumulated depreciation	(37,358,492)	(35,225,744)
Net property and equipment	25,764,501	26,022,632
Land	3,311,511	3,311,511
Display aircraft	10,631,960	10,305,217
Other assets	4,274,802	3,832,379
Total assets	83,698,219	75,998,263
Liabilities and net assets Current liabilities Gift annuity liability, less current port Deferred compensation, less current por Long-term debt, less current maturitie Other long-term liabilities Unearned income, less current portion	ortion 340,496 es 8,257,187 79,523	9,307,440 172,244 691,399 8,064,424 182,270 1,453,037
Net assets		
Unrestricted	45,899,109	40,518,724
Temporarily restricted	3,229,491	2,635,733
Permanently restricted	13,345,827	12,972,992
	62,474,427	56,127,449
Total liabilities and net assets	83,698,219	75,998,263

and a variety of other youth education and outreach programs. Cash donations were approximately \$5.3 million or roughly 14 percent of total revenue in FY 2014, which is relatively consistent with the prior year. Donated services and property was \$1 million in FY 2014, essentially even with the prior year.

Investment income represented \$3.8 million or 9 percent of EAA's total income in FY 2014, an increase of \$2.1 million over the prior year. Substantial improvement in the investment markets during FY 2014 led to the year-over-year increase. Most of these gains are from investment holdings of the EAA Aviation Foundation.

EAA and EAA Aviation Foundation incurred total operating expenses of \$34.9 million in FY 2014, an increase of \$600,000 or less than 2 percent.

AirVenture is the largest area of operating expense at \$12.3 million or 35 percent of EAA's total expenses in FY 2014. The cost of AirVenture increased by \$1.2 million over the prior year due to a number of investments made to enhance facilities, visitor amenities, features and attractions, event promotion, and most notably FAA air traffic controller costs. These investments are intended to ensure that AirVenture maintains its stature as the world's premier aviation event.

While increasing investment in AirVenture, EAA also increased the level of funding to program offerings in all other areas. Program expenses were \$8.9 million in FY 2014, an increase of \$900,000 or nearly 11 percent. EAA's programs offer myriad educational opportunities, advocacy initiatives that protect members' rights to fly, and other services that support builders, restorers, and aircraft owners of all kinds.

Management and general expenses totaled \$3.9 million in FY 2014, a decrease of \$1.1 million or 22 percent. Most of the decrease relates to lower staffing costs, including the CEO/president role currently being supported by Chairman Jack Pelton on a volunteer basis, and a recent favorable trend in health care costs.

As a result of these FY 2014 operating activities, EAA and the EAA Aviation Foundation have generated an increase in net assets of \$6.3 million. Total net assets for the combined entities at fiscal year-end were \$62.5 million, an 11 percent increase over the prior year. Of this amount, \$45.9 million (73 percent) is unrestricted as to use, and \$16.6 million (27 percent) is subject to temporary or permanent use restrictions.

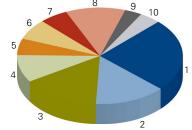
EAA management is pleased with the results of its fiscal 2014 operations and believes the financial condition of EAA and the EAA Aviation Foundation is sound. Going forward, management will continue to exercise vigilance in administration of EAA's financial resources to provide valued programs and services to the membership while contributing to the overall health and vitality of aviation.

Consolidated Statement of Activities

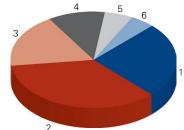
February 28, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Consolidated	February 28, 2013
Revenues, gains, and other support	Omestricted	restricted	restricted	Consolidated	1 ebidai y 20, 2013
Admissions and registrations	10,130,116			10,130,116	9,297,213
Membership dues and subscriptions	5,762,435			5,762,435	5,752,480
Donations	1,900,331	3,281,620	93,294	5,275,245	4,949,681
Investment income	1,648,503	1,874,393	279,541	3,802,437	1,717,464
Merchandise sales	2,250,019		•	2,250,019	2,013,427
Advertising	2,870,822			2,870,822	2,621,887
Sponsorship	2,269,296			2,269,296	2,636,096
Rental income	4,805,308			4,805,308	4,556,213
Commissions and royalties	1,454,057			1,454,057	1,174,611
Donated services and property	1,064,282			1,064,282	1,035,542
Other	1,589,460			1,589,460	586,997
Assets released from restriction	4,562,255	(4,562,255)			
Total revenues, gains, and other sup	port 40,306,884	593,758	372,835	41,273,477	36,341,611
Total revenues, gains, and other sup	port 40,306,884	593,758	372,835	41,273,477	36,341,611
	port 40,306,884 8,890,855	593,758	372,835	41,273,477 8,890,855	36,341,611 7,986,537
Expenses Program expenses		593,758	372,835		
Expenses	8,890,855	593,758	372,835	8,890,855	7,986,537
Expenses Program expenses AirVenture expenses Membership services	8,890,855 12,271,897	593,758	372,835	8,890,855 12,271,897	7,986,537 11,058,016
Expenses Program expenses AirVenture expenses Membership services Management and general	8,890,855 12,271,897 6,341,462	593,758	372,835	8,890,855 12,271,897 6,341,462	7,986,537 11,058,016 6,946,470
Expenses Program expenses AirVenture expenses Membership services Management and general Cost of merchandise	8,890,855 12,271,897 6,341,462 3,881,892	593,758	372,835	8,890,855 12,271,897 6,341,462 3,881,892	7,986,537 11,058,016 6,946,470 4,946,189
Expenses Program expenses AirVenture expenses	8,890,855 12,271,897 6,341,462 3,881,892 1,957,378	593,758	372,835	8,890,855 12,271,897 6,341,462 3,881,892 1,957,378	7,986,537 11,058,016 6,946,470 4,946,189 1,796,855
Expenses Program expenses AirVenture expenses Membership services Management and general Cost of merchandise Fundraising	8,890,855 12,271,897 6,341,462 3,881,892 1,957,378 1,578,384	593,758	372,835	8,890,855 12,271,897 6,341,462 3,881,892 1,957,378 1,578,384	7,986,537 11,058,016 6,946,470 4,946,189 1,796,855 1,513,442
Expenses Program expenses AirVenture expenses Membership services Management and general Cost of merchandise Fundraising Other Total expenses	8,890,855 12,271,897 6,341,462 3,881,892 1,957,378 1,578,384 4,631	593,758 593,758	372,835 372,835	8,890,855 12,271,897 6,341,462 3,881,892 1,957,378 1,578,384 4,631	7,986,537 11,058,016 6,946,470 4,946,189 1,796,855 1,513,442 69,293
Expenses Program expenses AirVenture expenses Membership services Management and general Cost of merchandise Fundraising Other	8,890,855 12,271,897 6,341,462 3,881,892 1,957,378 1,578,384 4,631			8,890,855 12,271,897 6,341,462 3,881,892 1,957,378 1,578,384 4,631 34,926,499	7,986,537 11,058,016 6,946,470 4,946,189 1,796,855 1,513,442 69,293

s report was compiled from the audit of Experimental Aircraft Association and the EAA Aviation Foundation Inc. recently completed by Grant Thornton LLP. Copies of the complete audit report, including footnotes, are available at www.EAA.org



Revenues, gains, and other support	\$41.3 million
1. Admissions and registrations	24.5%
2. Membership dues and subscriptions	14.0%
3. Donations	15.4%
4. Investment income	9.2%
5. Merchandise sales	5.5%
6. Advertising	7.0%
7. Sponsorship	5.5%
8. Rentals	
9. Commissions and royalties	3.5%
10. Other	



xpenses	\$34.9 million
1. Program expenses	
2. AirVenture expenses	35.1%
3. Membership services	18.2%
4. Management and general	11.1%
5. Cost of merchandise	5.6%
6. Fundraising	4.5%
-	

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Thank you for your **support and for sharing your love of flight** through EAA.

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\$100.000-\$249.999

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