



Eagle Mount

BOZEMAN, MONTANA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

EAGLE MOUNT BOZEMAN

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Eagle Mount Bozeman

We have audited the accompanying financial statements of Eagle Mount Bozeman (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017 and the related statements of activities, functional expenses, and cash flows 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 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 Eagle Mount Bozeman as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Holmes + Turner" followed by a long, sweeping horizontal flourish.

Holmes & Turner
Bozeman, Montana
March 27, 2019

EAGLE MOUNT BOZEMAN
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 140,591	\$ 302,612
Accounts receivable	5,387	26,704
Contributions receivable, current	294,062	221,643
Prepaid lease expenses, current	1,198	1,198
Deposits on equipment	2,000	2,000
Certificates of deposit	215,198	214,659
Quarter House timeshare	9,500	9,500
Total current assets	<u>667,936</u>	<u>778,316</u>
Property and Equipment		
Building - Eagle Mount Center	3,704,049	3,654,463
Building - Arena	546,947	544,452
Equipment	292,267	278,371
Furnishings	104,238	94,738
Vehicles	131,946	131,946
Land and grounds	1,117,964	971,830
Less accumulated depreciation	<u>(2,223,914)</u>	<u>(2,006,466)</u>
Total property and equipment	<u>3,673,497</u>	<u>3,669,334</u>
Other Assets		
Cash limited to long-term investment	969,927	482,980
Contributions receivable, non-current	305,830	346,392
Endowment investments	3,716,297	3,247,034
Prepaid lease expenses, non-current	1,995	3,193
Total other assets	<u>4,994,049</u>	<u>4,079,599</u>
Total assets	<u><u>\$ 9,335,482</u></u>	<u><u>\$ 8,527,249</u></u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Compensated absences	\$ 39,636	\$ 45,910
Due to others	6,188	4,009
Payroll taxes payable	9,784	12,707
Total current liabilities	<u>55,608</u>	<u>62,626</u>
Long Term Liabilities		
Annuity payable	<u>7,574</u>	<u>7,300</u>
Total liabilities	<u>63,182</u>	<u>69,926</u>
Net Assets		
Unrestricted		
Undesignated	3,686,640	3,843,602
Designated	1,179,649	1,032,576
Temporarily restricted	1,484,643	1,086,164
Permanently restricted	2,921,368	2,494,981
Total net assets	<u>9,272,300</u>	<u>8,457,323</u>
Total liabilities and net assets	<u><u>\$ 9,335,482</u></u>	<u><u>\$ 8,527,249</u></u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions, gifts, and grants	\$ 501,047	\$ 546,534	\$ 426,661	\$ 1,474,242
Donated services and supplies	509,562	-	-	509,562
Special event revenue	501,372	-	-	501,372
Less: costs of direct benefits to donors	(62,483)	-	-	(62,483)
Program revenue	163,218	-	-	163,218
Rental income	29,530	-	-	29,530
Investment income	148,219	325,774	-	473,993
Change in value of split-interest agreement	-	-	(274)	(274)
Other	13,488	-	-	13,488
Satisfaction of temporary restrictions	473,829	(473,829)	-	-
Total support and revenue	<u>2,277,782</u>	<u>398,479</u>	<u>426,387</u>	<u>3,102,648</u>
EXPENSES				
Program services	1,889,385	-	-	1,889,385
Support services				
Administrative	121,147	-	-	121,147
Fundraising	277,139	-	-	277,139
Total support services	<u>398,286</u>	<u>-</u>	<u>-</u>	<u>398,286</u>
Total expenses	<u>2,287,671</u>	<u>-</u>	<u>-</u>	<u>2,287,671</u>
Change in net assets	(9,889)	398,479	426,387	814,977
Net assets, beginning of year	<u>4,876,178</u>	<u>1,086,164</u>	<u>2,494,981</u>	<u>8,457,323</u>
Net assets, end of year	<u>\$ 4,866,289</u>	<u>\$ 1,484,643</u>	<u>\$ 2,921,368</u>	<u>\$ 9,272,300</u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions, gifts, and grants	\$ 608,526	\$ 397,724	\$ 795,525	\$ 1,801,775
Donated services and supplies	493,801	-	-	493,801
Special event revenue	434,185	-	-	434,185
Less: costs of direct benefits to donors	(51,465)	-	-	(51,465)
Program revenue	113,877	-	-	113,877
Rental income	37,359	-	-	37,359
Investment income	57,901	202,863	-	260,764
Change in value of split-interest agreement	-	-	(274)	(274)
Other	4,826	-	-	4,826
Satisfaction of temporary restrictions	705,938	(705,938)	-	-
Total support and revenue	<u>2,404,948</u>	<u>(105,351)</u>	<u>795,251</u>	<u>3,094,848</u>
EXPENSES				
Program services	1,804,249	-	-	1,804,249
Support services				
Administrative	120,850	-	-	120,850
Fundraising	142,702	-	-	142,702
Total support services	<u>263,552</u>	<u>-</u>	<u>-</u>	<u>263,552</u>
Total expenses	<u>2,067,801</u>	<u>-</u>	<u>-</u>	<u>2,067,801</u>
Change in net assets	337,147	(105,351)	795,251	1,027,047
Net assets, beginning of year	<u>4,539,031</u>	<u>1,191,515</u>	<u>1,699,730</u>	<u>7,430,276</u>
Net assets, end of year	<u>\$ 4,876,178</u>	<u>\$ 1,086,164</u>	<u>\$ 2,494,981</u>	<u>\$ 8,457,323</u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Program Services

	Adventure Days	Big Sky Kids	EMBLEM & BSS	Equestrian	Horticulture & Ice Skating	Family Support Services	Skiing
Advertising and promotion	\$ -	\$ 7,826	\$ 800	\$ 3,469	\$ -	\$ 10	\$ 3,469
Consulting and professional services	-	3,198	2,200	4,508	38	75	4,508
Dues and continuing education	463	3,771	1,510	6,280	10	-	2,400
Information technology	-	487	-	687	-	-	587
Insurance	3,031	9,185	9,840	9,053	439	289	7,317
Occupancy	-	41,164	33,825	4,148	1,604	-	3,959
Office expenses	3,302	7,261	17,172	7,649	561	1,638	6,076
Other expenses	779	9,214	7,528	34,942	2,325	1,489	27,515
Personnel	33,271	131,519	99,161	208,142	18,473	8,747	138,876
Program activities and camps	8,908	87,642	28,933	26,308	2,391	27,096	250,380
Travel	1,607	40,115	4,383	1,005	38	61	54
Volunteer recognition	121	51	2,860	114	-	-	22
Total before depreciation	51,482	341,433	208,212	306,305	25,879	39,405	445,163
Depreciation	-	10,527	17,931	31,599	3,113	-	12,320
Total expenses	\$ 51,482	\$ 351,960	\$ 226,143	\$ 337,904	\$ 28,992	\$ 39,405	\$ 457,483

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program Services		Supporting Services			
	Swimming & Young at Heart	Total Program Services	Admin	Fundraising	Total Supporting Services	Total
Advertising and promotion	\$ 3,739	\$ 19,313	\$ 144	\$ 9,340	\$ 9,484	\$ 28,797
Consulting and professional services	4,508	19,035	4,508	11,721	16,229	35,264
Dues and continuing education	1,927	16,361	1,339	1,110	2,449	18,810
Information technology	447	2,208	487	-	487	2,695
Insurance	8,758	47,912	2,054	820	2,874	50,786
Occupancy	41,821	126,521	1,880	125	2,005	128,526
Office expenses	9,234	52,893	588	20,468	21,056	73,949
Other expenses	26,424	110,216	13,138	12,905	26,043	136,259
Personnel	177,578	815,767	75,218	95,938	171,156	986,923
Program activities and camps	68	431,726	689	124,536	125,225	556,951
Travel	31	47,294	567	176	743	48,037
Volunteer recognition	52	3,220	7	-	7	3,227
Total before depreciation	274,587	1,692,466	100,619	277,139	377,758	2,070,224
Depreciation	121,429	196,919	20,528	-	20,528	217,447
Total expenses	<u>\$ 396,016</u>	<u>\$ 1,889,385</u>	<u>\$ 121,147</u>	<u>\$ 277,139</u>	<u>\$ 398,286</u>	<u>\$ 2,287,671</u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Program Services

	Adventure Days	Big Sky Kids	EMBLEM & BSS	Equestrian	Horticulture & Ice Skating	Family Support Services	Skiing
Advertising and promotion	\$ -	\$ 5,567	\$ -	\$ 2,864	\$ -	\$ -	\$ 2,891
Consulting and professional services	-	5,229	-	4,413	-	800	4,413
Dues and continuing education	536	2,175	9,473	16,982	185	-	1,396
Information technology	-	706	-	706	-	-	706
Insurance	3,114	9,330	10,053	8,844	425	-	7,071
Occupancy	-	40,137	28,820	3,501	1,430	-	4,267
Office expenses	553	6,604	12,728	4,155	1,342	2,924	2,259
Other expenses	2,347	7,486	4,208	10,366	57	34	8,014
Personnel	37,135	121,502	85,213	202,740	13,098	7,409	121,716
Program activities and camps	17,651	95,810	125,326	19,429	2,861	13,011	210,296
Travel	2,347	48,225	3,723	984	10	69	243
Volunteer recognition	10	100	2,076	165	22	-	5
Total before depreciation	63,693	342,871	281,620	275,149	19,430	24,247	363,277
Depreciation	-	5,787	17,931	25,251	712	-	6,213
Total expenses	<u>\$ 63,693</u>	<u>\$ 348,658</u>	<u>\$ 299,551</u>	<u>\$ 300,400</u>	<u>\$ 20,142</u>	<u>\$ 24,247</u>	<u>\$ 369,490</u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Program Services		Supporting Services			
	Swimming & Young at Heart	Total Program Services	Admin	Fundraising	Total Supporting Services	Total
Advertising and promotion	\$ 3,236	\$ 14,558	\$ 2,676	\$ 11,687	\$ 14,363	\$ 28,921
Consulting and professional services	4,413	19,268	4,413	2,722	7,135	26,403
Dues and continuing education	4,592	35,339	1,518	129	1,647	36,986
Information technology	706	2,824	706	(10)	696	3,520
Insurance	8,283	47,120	1,089	820	1,909	49,029
Occupancy	42,305	120,460	2,099	-	2,099	122,559
Office expenses	7,275	37,840	1,767	18,823	20,590	58,430
Other expenses	20,629	53,141	25,146	11,975	37,121	90,262
Personnel	168,742	757,555	66,934	84,157	151,091	908,646
Program activities and camps	1,339	485,723	1,167	11,870	13,037	498,760
Travel	223	55,824	253	204	457	56,281
Volunteer recognition	-	2,378	45	325	370	2,748
Total before depreciation	<u>261,743</u>	<u>1,632,030</u>	<u>107,813</u>	<u>142,702</u>	<u>250,515</u>	<u>1,882,545</u>
Depreciation	<u>116,325</u>	<u>172,219</u>	<u>13,037</u>	<u>-</u>	<u>13,037</u>	<u>185,256</u>
Total expenses	<u>\$ 378,068</u>	<u>\$ 1,804,249</u>	<u>\$ 120,850</u>	<u>\$ 142,702</u>	<u>\$ 263,552</u>	<u>\$ 2,067,801</u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributions and program revenue	\$ 1,639,145	\$ 1,896,209
Cash paid to employees and suppliers	(1,565,084)	(1,372,405)
Cash received from investment income	80,477	62,295
Cash received from other sources	42,172	41,911
Net cash (used) provided by operating activities	<u>196,710</u>	<u>628,010</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(685,060)	(1,455,735)
Proceeds from sale of investments	121,279	140,804
Purchase of equipment	(221,611)	(492,914)
Net cash (used) provided by investing activities	<u>(785,392)</u>	<u>(1,807,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for:		
Investment in permanent endowment	426,661	795,525
Net increase (decrease) in cash and cash equivalents	(162,021)	(384,310)
Cash and cash equivalents at beginning of year	302,612	686,922
Cash and cash equivalents at end of period	<u>\$ 140,591</u>	<u>\$ 302,612</u>

The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
<u>Reconciliation of Change in Net Assets to Net Cash (Used) Provided by Operating Activities:</u>		
Change in net assets	\$ 814,977	\$ 1,027,047
Adjustments:		
Depreciation	217,447	185,256
Amortization of discount on annuity payable	274	274
Net realized and unrealized gains on investments	(392,968)	(198,469)
Contributions restricted for the investment in endowment	(426,661)	(795,525)
(Increase) decrease in assets:		
Accounts receivable	21,627	7,496
Contributions receivable	(32,167)	385,866
Prepaid lease	1,198	1,198
Increase (decrease) in liabilities:		
Accounts payable	-	(2,311)
Due to others	2,179	3,253
Payroll liabilities	(9,196)	13,925
Total adjustments	<u>(618,267)</u>	<u>(399,037)</u>
Net cash (used) provided by operations	<u>\$ 196,710</u>	<u>\$ 628,010</u>

Supplemental schedule of non-cash investing and financing activities:

Donated materials and labor	\$ 20,800	\$ 49,510
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The accompanying notes are an integral part of these financial statements.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Activities

Eagle Mount Bozeman (a nonprofit corporation under Internal Revenue Code section 501(c)(3) and organized under the laws of the State of Montana) (the "Organization") provides therapeutic recreational opportunities for people with disabilities or cancer. Eagle Mount Bozeman also provides support for families of participants. The Organization, in the normal course of operations, receives funding from contributions, fundraisers, grants, endowments, sponsorships and program activities.

	Number of Volunteers		Number of Participants	
	2018	2017	2018	2017
Skiing:				
Bridger Bowl	338	318	224	230
Big Sky Ski	126	113	92	62
Nordic and Snowshoeing	41	41	28	28
Adventure Days	108	130	135	168
Aquatic Therapy	226	238	855	696
Equestrian	658	570	286	313
Big Sky Kids:				
Spring Fling Weekend	61	64	74	72
Camp Braveheart	95	104	17	27
Adventure Camp	176	177	36	42
Young Adult Retreat	21	48	12	12
Summit Aviation Flight Camp	8	11	4	4
Horticulture	29	29	29	22
Wheelchair Gym	-	-	6	5
Ice Skating	40	44	36	38
Saturday Night Out and Kids' Night Out	49	54	100	130
Sibling Night Out	35	42	59	77
EMBLEM	14	12	18	12
Totals	2,025	1,995	2,011	1,938

b. Basis of Accounting

The financial statements of Eagle Mount Bozeman have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as codified by the Financial Accounting Standards Board.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. SIGNIFICANT ACCOUNTING POLICIES

c. Financial Statement Preparation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

d. Unrestricted Net Assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization. Board-designated net assets represent amounts the Organization has set aside for a specific purpose.

e. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time 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”.

f. Permanently Restricted Net Assets

Permanently restricted net assets consist of donor restricted contributions which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

g. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid unrestricted and temporarily restricted investments that do not have donor-imposed restrictions that limit their use to long-term investment and that have an initial maturity of three months or less to be cash equivalents.

h. Investments

Eagle Mount Bozeman carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

i. Investment Income and Gains

Investment income restricted by donors is reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. SIGNIFICANT ACCOUNTING POLICIES

j. Accounts Receivable

Accounts receivable is comprised of amounts due to the Organization for program fees charged. Eagle Mount Bozeman does not charge interest on outstanding accounts receivable and it is the Organization's policy to write-off accounts receivable as scholarships for amounts that have been outstanding for at least six months. The amount that is written off each year is immaterial; accordingly, management has determined that establishing an allowance for doubtful accounts is not considered necessary.

k. Contributions Receivable

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for doubtful collectability has not been established as management's evaluation considers all contributions receivable fully collectable.

l. Property and Equipment

The Organization's capitalization policy requires individual assets to be capitalized if the original cost or fair value at date of donation is at least \$1,500. All expenditures of at least \$1,500 for betterment and major renewals are also capitalized. Maintenance and repair costs are expensed as incurred. Depreciation is computed using the straight-line method at annual rates sufficient to recover the cost of the assets within their estimated useful lives.

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statement of activities for the period.

The estimated useful lives of depreciable assets are as follows:

Buildings	15- 30 years
Equipment	5 - 10 years
Furnishings	5 years
Vehicles	5 years

m. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 such property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. SIGNIFICANT ACCOUNTING POLICIES

n. 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.

o. Expense Allocation

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

p. 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 the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

q. Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions. As of September 30, 2018 and 2017, the Board reconfirmed \$50,000 to be designated for such purposes.

In 2017, the Board of Directors voted to set aside approximately \$926,700 as a board-designated quasi-endowment fund. Additional information is provided in Note 9.

r. Unrestricted and Temporarily Restricted Revenue and Support

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. SIGNIFICANT ACCOUNTING POLICIES

s. Income Tax Status

The activities of the Organization are generally exempt from federal and state income taxes under Internal Revenue Code 501(c)(3), and the Organization has been ruled not to be a private foundation.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the IRS, generally for three years after it's filed.

t. Concentration of Credit Risk

The Organization maintained cash balances at various financial institutions. Either Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) insures accounts at each of the financial institutions. There were no uninsured cash balances as of September 30, 2018 and 2017.

u. Compensated Absences

The Organization has written policies for the compensation of vacation and sick leave. The employees accrue paid vacation at a rate based on their years of service. Annual vacation leave may be accrued up to a maximum of two times the employee's annual accrual rate as of the last day of each fiscal year. In addition, eligible employees will receive a maximum of six days of sick leave per year. Sick leave does not accumulate and is not carried over to a new fiscal year.

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2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Organization maintains investments with various financial institutions under the management of third-parties in accordance with its investment policy. All investments are reported at fair market value. Cash, cash equivalents, and investments as of September 30, 2018 and 2017, are summarized as follows:

	2018	2017
Cash and cash equivalents:		
Cash on hand, checking, and money market	\$ 140,591	\$ 302,612
Cash limited to long-term investment	969,927	482,980
Total cash and cash equivalents	<u>1,110,518</u>	<u>785,592</u>
Investments:		
Certificates of deposit	215,198	214,659
Endowment investments:		
Mutual funds	1,651,632	1,687,316
Government bonds	21,562	22,592
Exchange traded funds	803,208	287,352
Stocks	1,239,895	1,249,774
Total endowment investments	<u>3,716,297</u>	<u>3,247,034</u>
Total investments	<u>3,931,495</u>	<u>3,461,693</u>
Total cash, cash equivalents and investments	<u><u>\$ 5,042,013</u></u>	<u><u>\$ 4,247,285</u></u>

3. INVESTMENT RETURN

Components of investment return as of September 30, 2018 and 2017 is summarized as follows:

	2018	2017
Interest and dividends	\$ 82,550	\$ 58,886
Net realized and unrealized gains (losses):		
Realized gains (losses)	85,647	45,811
Unrealized gains (losses)	327,939	171,927
Investment fees	<u>(22,143)</u>	<u>(15,860)</u>
Total net realized and unrealized gains (losses)	<u>391,443</u>	<u>201,878</u>
Total investment return	<u><u>\$ 473,993</u></u>	<u><u>\$ 260,764</u></u>

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
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4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Restricted to:		
Big Sky Ski Program	\$ 110,000	\$ 110,000
EMBLEM Program	281,577	369,612
Land Development Project	-	14,500
Family Support Services	152,000	-
Unrestricted	<u>56,315</u>	<u>73,923</u>
Total	<u>\$ 599,892</u>	<u>\$ 568,035</u>
Amount due in less than one year	<u>\$ 294,062</u>	<u>\$ 221,643</u>
Amount due in one to five years	<u>\$ 305,830</u>	<u>\$ 346,392</u>

Promises to Give

The Organization calculates the fair value of unconditional promises to give, which are due in more than one year, using present value techniques and a discount rate of approximately 3.2%. As of September 30, 2018 and 2017 the unamortized discount was \$22,108 and \$36,465, respectively.

Conditional promises to give at September 30, 2018, consist of a matching grant of up to \$110,000 per year up to a total grant of \$750,000 to create an endowment specifically for the EMBLEM and Big Sky Ski programs. During the year the conditions were met as stated in the agreement and \$110,000 was recorded as contribution receivable at September 30, 2018.

5. PREPAID LEASE EXPENSES

In March 2002, the Organization signed a 20-year operating lease for a room at a local ski area that is used by participants and volunteers of the skiing program. Eagle Mount Bozeman prepaid the total cost of the lease and the amount of the prepaid lease at September 30, 2018 and 2017 was approximately \$3,193 and \$4,391, respectively. Lease expense for each period was \$1,198. This lease expires May 3, 2021, and, at this time, the Organization will have the first right to negotiate a new lease should the Lessor determine to continue to lease the premises to a third party. This base rent amount does not include utilities or property taxes and assessments levied on the property for which the Organization is separately liable.

6. EMPLOYEE BENEFIT PLAN

The Organization has a 403(b) defined contribution plan (the Plan) covering employees meeting certain age and service requirements. Eagle Mount Bozeman matches participants' contributions to the Plan up to 2% of the individual participant's compensation. Total expenses for the years ended September 30, 2018 and 2017 were \$11,285 and \$8,884, respectively.

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7. LAND LEASE

The Organization (the lessor) entered into a lease with Verizon Wireless (the lessee) on May 15, 2015 to lease a parcel of property located on the Organization's premises. The initial term is five years from the commencement date. The lease commenced in May 2018 with annual rental payments of \$21,000 to be paid in equal monthly installments. The lease shall automatically be extended for four additional five year terms unless the lessee terminates the lease at the end of the current term. The annual rental payments for the first five year extension term shall be \$23,100; the annual rental payments for the second five year extension term shall be \$25,410; the annual rental payments for the third five year extension term shall be \$27,951; and the annual rental payments for for the fourth five year extension term shall be \$30,746. For the year ended September 30, 2018, the Organization received \$8,750 in rental payments.

The minimum future rental income to be received on the land lease is as follows:

Fiscal Year	Annual Rent
2019	\$ 21,000
2020	21,000
2021	21,000
2022	21,000
2023	21,875
Subsequent	526,411
Total	<u>\$ 632,286</u>

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes for the fiscal years ended September 30, 2018 and 2017:

	2018	2017
Big Sky Kids	\$ 164,335	\$ 153,755
Land development	3,939	184,306
Endowment campaign fund	3,243	3,243
EMBLEM	79,661	79,783
Equestrian	43,128	-
Family support services	204,129	16,176
Braveheart	16,714	16,714
Miscellaneous	26,582	4,024
Investment return on permanently restricted net assets not yet appropriated for expenditure	942,912	628,163
	<u>\$ 1,484,643</u>	<u>\$ 1,086,164</u>

EAGLE MOUNT BOZEMAN
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9. ENDOWMENT FUNDS

a. Board-designated Endowment

As of September 30, 2018 and 2017, the Board of Directors had designated \$1,129,649 and \$982,576 of unrestricted net assets as a Quasi-endowment fund to support the mission of the Organization. Since these amounts resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

b. Donor-designated Endowment

The Organization's endowments consist of six donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted in the state of Montana, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

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NOTES TO THE FINANCIAL STATEMENTS
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9. ENDOWMENT FUNDS

b. Donor-designated Endowment

Endowment Investment and Spending Policies. The Organization has adopted investment and spending policies approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 5-7%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The spending policy calculates the amount of money annually distributed from the Organization's various endowed funds, for operating expenses. The current spending policy is to spend up to 5-7% of a moving three-year average of the fair value of the endowment funds.

Endowment net asset composition by type of fund as of September 30, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,107,246	\$ 2,921,368	\$ 4,028,614
Board-designated endowment funds	1,129,649	-	-	1,129,649
Total funds	<u>\$ 1,129,649</u>	<u>\$ 1,107,246</u>	<u>\$ 2,921,368</u>	<u>\$ 5,158,263</u>

Changes in endowment net assets as of September 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowed net assets, beginning of year	\$ 982,576	\$ 781,918	\$ 2,494,981	\$ 4,259,475
Contributions	-	20,834	426,661	447,495
Investment return:				
Investment income	18,105	61,775	-	79,880
Net appreciation	128,968	263,999	-	392,967
Change in value of split-interest agreement	-	-	(274)	(274)
Amounts appropriated for expenditures	-	(21,280)	-	(21,280)
Endowment net assets, end of year	<u>\$ 1,129,649</u>	<u>\$ 1,107,246</u>	<u>\$ 2,921,368</u>	<u>\$ 5,158,263</u>

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
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9. ENDOWMENT FUNDS

Endowment net asset composition by type of fund as of September 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 781,918	\$ 2,494,981	\$ 3,276,899
Board-designated endowment funds	982,576	-	-	982,576
Total funds	<u>\$ 982,576</u>	<u>\$ 781,918</u>	<u>\$ 2,494,981</u>	<u>\$ 4,259,475</u>

Changes in endowment net assets as of September 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowed net assets, beginning of year	\$ -	\$ 580,015	\$ 1,699,730	\$ 2,279,745
Contributions	926,693	540	795,525	1,722,758
Investment return:				
Investment income	5,253	55,024	-	60,277
Net appreciation	50,630	147,839	-	198,469
Change in value of split-interest agreement	-	-	(274)	(274)
Amounts appropriated for expenditures	-	(1,500)	-	(1,500)
Endowment net assets, end of year	<u>\$ 982,576</u>	<u>\$ 781,918</u>	<u>\$ 2,494,981</u>	<u>\$ 4,259,475</u>

10. SPLIT INTEREST AGREEMENT

On December 31, 2003, Eagle Mount Bozeman was given a charitable gift annuity. According to the agreement, the Donor transferred \$25,000 to the Organization who agreed to pay the donor an annual sum of \$1,250 commencing on October 1, 2029 and continuing for and during the rest of the donor's life. The agreement specified that Eagle Mount Bozeman shall use the residual to augment an endowment fund.

Based on the rate of return received by the endowment fund with which the above mentioned gift annuity was combined, four percent was used as the discount rate. It was estimated that ten total annuity payments would be made.

The fair market value of the annuity assets as of September 30, 2018 and 2017 was \$51,989 and \$52,747, respectively and the present value of the future annuity payments was \$7,574 and \$7,300 at these same dates.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

11. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America define fair value and establish a hierarchy for reporting the reliability of input measurements used to assess fair value. Fair value is the selling price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include-

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs not corroborated by market data, therefore, requiring the entity to use the best information available in the circumstances, including the entity's own data.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used in 2018 from prior reporting periods.

- *Mutual funds and equities:* Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Government bonds:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Certificates of deposit:* Valued at cost plus accrued interest, which approximates the fair value due to the short-term nature of these investments.
- *Money market funds:* Valued using pricing models maximizing the use of observable inputs for similar securities.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

11. FAIR VALUE MEASUREMENTS

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization measures certain financial instruments at fair value on a recurring basis. Financial assets measured on a recurring basis at September 30, 2018 and 2017 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>September 30, 2018</u>			
Endowment investments:			
Mutual funds	\$ 1,651,632	\$ -	\$ 1,651,632
Government bonds	21,562	-	21,562
Exchange traded funds	803,208	-	803,208
Stocks	1,239,895	-	1,239,895
Certificates of deposit	-	215,198	215,198
	<u>\$ 3,716,297</u>	<u>\$ 215,198</u>	<u>\$ 3,931,495</u>
<u>September 30, 2017</u>			
Endowment investments:			
Mutual funds	\$ 1,687,316	\$ -	\$ 1,687,316
Government bonds	22,592	-	22,592
Exchange traded funds	287,352	-	287,352
Stocks	1,249,774	-	1,249,774
Certificates of deposit	-	214,659	214,659
	<u>\$ 3,247,034</u>	<u>\$ 214,659</u>	<u>\$ 3,461,693</u>

12. CERTIFICATES OF DEPOSIT

Certificates of deposit held at September 30, 2018 and 2017 have original maturities greater than three months and remaining maturities less than one year. Certificates of deposit are reported at the original investment amount plus earned interest to the most recent maturity date.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
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13. RELATED PARTY TRANSACTIONS

Board members and staff of the Organization donated approximately \$197,500 and \$111,258 for the years ended September 30, 2018 and 2017, respectively.

The Organization acquired architectural services from a company whose owner serves on the Board of directors. As of September 30, 2018 and 2017, a total of \$40,947 and \$40,877 was paid for architectural services.

The Organization acquired construction services from a company whose owner serves on the Board of directors. As of September 30, 2018 and 2017, a total of \$90,000 and \$- was paid for construction services.

14. DONATED SERVICES AND SUPPLIES

The values of donated services included as contributions in the financial statements and the corresponding program or supporting services expenses are as follows:

For the year ended September 30, 2018:

Description of donated services	Amount	Program
Accounting services	\$ 1,700	Administration
Accounting services	1,700	Big Sky Ski
Accounting services	1,700	Skiing
Accounting services	1,700	Equestrian
Accounting services	1,700	Swimming
Medical services	11,110	Big Sky Kids
Transportation services	5,400	Big Sky Kids
Total donated services and supplies	<u>\$ 25,010</u>	

For the year ended September 30, 2017:

Description of donated services	Amount	Program
Accounting services	\$ 1,520	Administration
Accounting services	1,520	Big Sky Kids
Accounting services	1,520	Skiing
Accounting services	1,520	Equestrian
Accounting services	1,520	Swimming
Architecture services	3,500	Equestrian
Medical services	13,476	Big Sky Kids
Transportation services	4,400	Big Sky Kids
Total donated services and supplies	<u>\$ 28,976</u>	

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
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14. DONATED SERVICES AND SUPPLIES

Numerous volunteers have donated significant amounts of time to the Organization's Board, committees, administration, fund-raising campaign and program services. Although these amounts have not been reflected in the financial statements, management estimates the fair value of these services to be approximately \$739,900 and \$672,700 for the years ended September 30, 2018 and 2017, respectively.

Three local ski areas donated lift tickets and rentals in the amount of approximately \$275,400 and \$324,600 during the years ended September 30, 2018 and 2017, respectively. These amounts are reflected in the financial statements as support and expenses for the skiing programs.

15. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through March 27, 2019, the date the financial statements were available to be issued.