



FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019 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, 2020 and 2019, 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
June 01, 2021

EAGLE MOUNT BOZEMAN
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 409,390	\$ 11,334
Certificates of deposit	137,241	215,805
Accounts receivable	10,872	33,317
Promises to give, current	256,000	273,593
Other current assets	-	4,186
Total current assets	<u>813,503</u>	<u>538,235</u>
Property and Equipment		
Buildings	4,291,146	4,321,942
Equipment	360,183	317,024
Furnishings	100,140	104,238
Vehicles	131,946	131,946
Land and improvements	1,285,653	1,277,799
Less accumulated depreciation	<u>(2,689,819)</u>	<u>(2,458,103)</u>
Total property and equipment	<u>3,479,249</u>	<u>3,694,846</u>
Other Assets		
Cash limited to long-term investment	1,880,772	969,599
Promises to give, non-current	-	142,237
Endowment investments	3,157,439	3,982,623
Other assets	<u>10,298</u>	<u>11,496</u>
Total other assets	<u>5,048,509</u>	<u>5,105,955</u>
Total assets	<u><u>\$ 9,341,261</u></u>	<u><u>\$ 9,339,036</u></u>

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

EAGLE MOUNT BOZEMAN
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 276	\$ 1,202
Compensated absences	38,741	46,267
Due to others	11,858	8,432
Payroll taxes payable	60	3,790
Other current liabilities	3,691	-
Total current liabilities	<u>54,626</u>	<u>59,691</u>
Long Term Liabilities		
Annuity	8,122	7,848
Paycheck Protection Program (PPP) loan	163,900	-
Total liabilities	<u>226,648</u>	<u>67,539</u>
Net Assets		
Without Donor Restrictions		
Undesignated	3,521,206	3,605,736
Designated	1,040,174	1,220,078
With Donor Restrictions	4,553,233	4,445,683
Total net assets	<u>9,114,613</u>	<u>9,271,497</u>
Total liabilities and net assets	<u>\$ 9,341,261</u>	<u>\$ 9,339,036</u>

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

EAGLE MOUNT BOZEMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions, gifts, and grants	\$ 769,960	\$ 308,933	\$ 1,078,893
Donated services and supplies	698,540	-	698,540
Special event revenue	380,792	-	380,792
Less: costs of direct benefits to donors	(39,133)	-	(39,133)
Program revenue	128,379	-	128,379
Rental income	31,400	-	31,400
Investment income, net	6,643	54,893	61,536
Change in value of split-interest agreement	-	(274)	(274)
Other	4,391	-	4,391
Satisfaction of donor restrictions	256,002	(256,002)	-
Total support and revenue	<u>2,236,974</u>	<u>107,550</u>	<u>2,344,524</u>
EXPENSES AND LOSSES			
Program services	2,128,296	-	2,128,296
Support services			
Administrative	185,602	-	185,602
Fundraising	153,235	-	153,235
Total support services	<u>338,837</u>	<u>-</u>	<u>338,837</u>
Total expenses	2,467,133	-	2,467,133
Loss from fire	34,275	-	34,275
Change in net assets	(264,434)	107,550	(156,884)
Net assets, beginning of year	4,825,814	4,445,683	9,271,497
Net assets, end of year	<u>\$ 4,561,380</u>	<u>\$ 4,553,233</u>	<u>\$ 9,114,613</u>

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

EAGLE MOUNT BOZEMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions, gifts, and grants	\$ 524,542	\$ 528,156	\$ 1,052,698
Donated services and supplies	548,015	-	548,015
Special event revenue	625,429	-	625,429
Less: costs of direct benefits to donors	(71,788)	-	(71,788)
Program revenue	188,472	-	188,472
Rental income	41,470	-	41,470
Investment income, net	54,624	94,761	149,385
Change in value of split-interest agreement	-	(274)	(274)
Other	9,072	-	9,072
Satisfaction of donor restrictions	419,201	(419,201)	-
Total support and revenue	<u>2,339,037</u>	<u>203,442</u>	<u>2,542,479</u>
EXPENSES			
Program services	2,167,247	-	2,167,247
Support services			
Administrative	166,559	-	166,559
Fundraising	209,476	-	209,476
Total support services	<u>376,035</u>	<u>-</u>	<u>376,035</u>
Total expenses	<u>2,543,282</u>	<u>-</u>	<u>2,543,282</u>
Change in net assets	(204,245)	203,442	(803)
Net assets, beginning of year	<u>5,030,059</u>	<u>4,242,241</u>	<u>9,272,300</u>
Net assets, end of year	<u>\$ 4,825,814</u>	<u>\$ 4,445,683</u>	<u>\$ 9,271,497</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, 2020

Program Services

	Adventure Days	Aquatics	Big Sky Kids	EMBLEM & BSS	Equestrian	Family Support	Skiing
Advertising and promotion	\$ -	\$ 1,828	\$ 10,236	\$ -	\$ 1,901	\$ 64	\$ 1,803
Consulting and professional services	-	10,204	10,460	-	10,531	2,378	10,172
Dues and continuing education	49	3,348	3,524	1,293	3,922	45	2,435
Information technology	-	3,027	3,127	25	3,112	8,405	2,997
Insurance	2,886	8,333	8,331	9,231	8,726	237	6,874
Occupancy	-	24,407	7,671	18,025	7,623	1,132	4,602
Office expenses	102	7,359	6,253	11,525	14,367	9,969	31,909
Other expenses	64	48,583	9,767	3,712	22,409	3,101	32,354
Personnel	8,324	152,631	86,616	97,614	226,198	61,382	144,821
Program activities and camps	-	103	378	389,360	28,868	6,085	275,992
Travel	40	73	13	2,861	732	187	139
Volunteer recognition	-	26	26	427	214	-	321
Total before depreciation	11,465	259,922	146,402	534,073	328,603	92,985	514,419
Depreciation	1,400	120,591	16,444	16,118	41,936	-	20,134
Total expenses	\$ 12,865	\$ 380,513	\$ 162,846	\$ 550,191	\$ 370,539	\$ 92,985	\$ 534,553

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

EAGLE MOUNT BOZEMAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services		Supporting Services			
	Other Programs	Total Program Services	G&A	Fundraising	Total Supporting Services	Total
Advertising and promotion	\$ -	\$ 15,832	\$ 353	\$ 11,123	\$ 11,476	\$ 27,308
Consulting and professional services	-	43,745	8,819	19,037	27,856	71,601
Dues and continuing education	-	14,616	858	1,609	2,467	17,083
Information technology	-	20,693	2,369	8,927	11,296	31,989
Insurance	370	44,988	4,899	-	4,899	49,887
Occupancy	2,181	65,641	6,995	122	7,117	72,758
Office expenses	334	81,818	7,152	17,625	24,777	106,595
Other expenses	3,275	123,265	8,273	15,049	23,322	146,587
Personnel	14,182	791,768	121,559	68,614	190,173	981,941
Program activities and camps	-	700,786	701	10,582	11,283	712,069
Travel	64	4,109	80	547	627	4,736
Volunteer recognition	-	1,014	58	-	58	1,072
Total before depreciation	20,406	1,908,275	162,116	153,235	315,351	2,223,626
Depreciation	3,398	220,021	23,486	-	23,486	243,507
Total expenses	\$ 23,804	\$ 2,128,296	\$ 185,602	\$ 153,235	\$ 338,837	\$ 2,467,133

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

EAGLE MOUNT BOZEMAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Program Services

	Adventure Days	Aquatics	Big Sky Kids	EMBLEM & BSS	Equestrian	Family Support	Skiing
Advertising and promotion	\$ 20	\$ 3,577	\$ 5,619	\$ -	\$ 3,716	\$ -	\$ 3,577
Consulting and professional services	-	17,497	16,187	2,000	17,563	3,975	17,497
Dues and continuing education	268	3,880	3,669	5,723	5,501	7,474	2,007
Information technology	-	1,527	2,137	-	1,722	2,261	1,403
Insurance	3,142	9,031	9,440	10,104	9,475	289	7,572
Occupancy	-	39,612	41,851	29,654	6,891	4,178	3,985
Office expenses	8,167	7,359	7,782	10,386	8,976	3,291	5,528
Other expenses	899	47,578	8,027	9,527	25,673	1,250	19,139
Personnel	36,382	201,913	144,651	79,926	212,766	42,215	149,978
Program activities and camps	2,627	47	62,846	214,994	14,457	24,554	223,063
Travel	1,524	36	41,595	2,637	131	480	89
Volunteer recognition	67	-	36	3,420	184	67	-
Total before depreciation	53,096	332,057	343,840	368,371	307,055	90,034	433,838
Depreciation	117	122,972	14,279	17,082	36,881	-	17,222
Total expenses	\$ 53,213	\$ 455,029	\$ 358,119	\$ 385,453	\$ 343,936	\$ 90,034	\$ 451,060

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

EAGLE MOUNT BOZEMAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services		Supporting Services			
	Other Programs	Total Program Services	G&A	Fundraising	Total Supporting Services	Total
Advertising and promotion	\$ -	\$ 16,509	\$ 965	\$ 15,774	\$ 16,739	\$ 33,248
Consulting and professional services	-	74,719	17,497	7,518	25,015	99,734
Dues and continuing education	40	28,562	1,648	4,581	6,229	34,791
Information technology	-	9,050	1,272	53	1,325	10,375
Insurance	422	49,475	2,235	820	3,055	52,530
Occupancy	1,735	127,906	1,930	546	2,476	130,382
Office expenses	1,646	53,135	3,890	21,956	25,846	78,981
Other expenses	1,863	113,956	11,157	34,631	45,788	159,744
Personnel	21,164	888,995	96,070	107,541	203,611	1,092,606
Program activities and camps	82	542,670	7,628	15,625	23,253	565,923
Travel	-	46,492	28	431	459	46,951
Volunteer recognition	53	3,827	-	-	-	3,827
Total before depreciation	27,005	1,955,296	144,320	209,476	353,796	2,309,092
Depreciation	3,398	211,951	22,239	-	22,239	234,190
Total expenses	\$ 30,403	\$ 2,167,247	\$ 166,559	\$ 209,476	\$ 376,035	\$ 2,543,282

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

EAGLE MOUNT BOZEMAN
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributions and program revenue	\$ 1,505,525	\$ 1,733,478
Cash paid to employees and suppliers	(1,599,949)	(1,887,272)
Cash received from investment income	80,683	93,096
Cash received from other sources	35,791	50,268
Net cash (used) provided by operating activities	<u>22,050</u>	<u>(10,430)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(269,000)	(463,140)
Proceeds from sale of investments	270,481	252,824
Purchase of equipment	(58,375)	(208,537)
Net cash (used) provided by investing activities	<u>(56,894)</u>	<u>(418,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for:		
Investment in permanent endowment	269,000	300,026
Advance received from PPP loan	163,900	-
Net increase (decrease) in cash and cash equivalents	398,056	(129,257)
Cash and cash equivalents at beginning of year	11,334	140,591
Cash and cash equivalents at end of period	<u>\$ 409,390</u>	<u>\$ 11,334</u>

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

EAGLE MOUNT BOZEMAN
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
<u>Reconciliation of Change in Net Assets to Net Cash (Used) Provided by Operating Activities:</u>		
Change in net assets	\$ (156,884)	\$ (803)
Adjustments:		
Depreciation	243,507	234,190
Loss from fire	34,275	-
Amortization of discount on annuity payable	274	274
Amortization of discount on promises to give	-	(10,938)
Net realized and unrealized gains on investments	(8,914)	(56,289)
Contributions restricted to endowment	(269,000)	(300,026)
Contributed property and equipment capitalized	(3,813)	(47,000)
(Increase) decrease in assets:		
Accounts receivable	22,445	(27,930)
Promises to give, net	159,830	195,000
Prepaid lease	1,198	1,198
Deposits on equipment	4,186	2,000
Increase (decrease) in liabilities:		
Accounts payable	(926)	1,202
Due to others	3,426	2,244
Payroll liabilities	(11,245)	(3,552)
Other current liabilities	3,691	-
Total adjustments	178,934	(9,627)
Net cash (used) provided by operations	\$ 22,050	\$ (10,430)

Supplemental schedule of non-cash investing and financing activities:

Donated property and equipment	\$ 3,813	\$ -
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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, 2020 AND 2019

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.

b. Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, as codified by the Financial Accounting Standards Board. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

i. Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

ii. With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid 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.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES

d. 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.

e. Investment Income and Gains

Investment income restricted by donors is reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

f. Accounts Receivable

Accounts receivable is comprised of amounts due to the Organization for program fees charged. The Organization 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.

g. Promises to Give

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.

h. 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.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES

h. Property and Equipment

The estimated useful lives of depreciable assets are as follows:

	<u>Est. Life</u>
Buildings	15 - 30 years
Land improvements	5 - 15 years
Equipment	5 - 10 years
Furnishings	5 years
Vehicles	5 years

i. 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 net assets without donor restrictions unless the donor has restricted the 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 net assets with donor restrictions to net assets without donor restrictions at that time.

j. 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.

k. 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.

l. 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.

m. Designation of Net Assets Without Donor Restrictions

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.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES

n. 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.

o. 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, 2020 and 2019.

p. 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.

q. New Accounting Standards

i. ASU 2018-08 - Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

Accounting Standards Update 2018-08 was effective for the year ended September 30, 2020. This update was issued to clarify and improve the guidance in GAAP for distinguishing transactions that are contributions from those that are exchange transactions. In addition, this update also provides guidance for determining if a contribution is conditional. The Organization has determined that there were no significant changes to the presentation of the financial statements or beginning net assets as a result of adopting this standard.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019, are summarized as follows:

	2020	2019
Cash and cash equivalents:		
Cash on hand, checking, and money market	\$ 409,390	\$ 11,334
Cash limited to long-term investment	1,880,772	969,599
Total cash and cash equivalents	<u>2,290,162</u>	<u>980,933</u>
Investments:		
Certificates of deposit	137,241	215,805
Endowment investments:		
Mutual funds	1,360,836	1,416,487
Government bonds	28,490	25,458
Fixed income	400,904	606,750
Exchange traded funds	22,761	826,746
Stocks	1,344,447	1,107,182
Total endowment investments	<u>3,157,438</u>	<u>3,982,623</u>
Total investments	<u>3,294,679</u>	<u>4,198,428</u>
Total cash, cash equivalents and investments	<u>\$ 5,584,841</u>	<u>\$ 5,179,361</u>

3. INVESTMENT INCOME

Components of investment return as of September 30, 2020 and 2019 is summarized as follows:

	2020	2019
Interest and dividends	\$ 80,683	\$ 93,096
Net realized and unrealized gains (losses):		
Realized gains (losses)	11,352	81,024
Unrealized gains (losses)	(2,438)	2,581
External investment fees	(28,062)	(27,316)
Total net realized and unrealized gains (losses)	<u>(19,148)</u>	<u>56,289</u>
Total investment return	<u>\$ 61,535</u>	<u>\$ 149,385</u>

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

4. CERTIFICATES OF DEPOSIT

Certificates of deposit held at September 30, 2020 and 2019 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.

5. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 409,390
Certificates of deposit	137,241
Accounts receivable	10,872
Promises to give, current	256,000
Board-designated endowment funds	1,040,174
Donor-restricted endowment fund appreciation not yet appropriated	819,018
	<u>\$ 2,672,695</u>

The Organization's endowment funds consist of donor-restricted and board-designated funds. Income from donor-restricted funds is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$1,040,174 is subject to an annual spending rate of 5-7% as described in Note 10. Although we do not intend to spend from this endowment, these funds could be made available if necessary.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
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6. PROMISES TO GIVE

Promises to give consist of the following as of September 30, 2020 and 2019:

	2020	2019
Restricted to:		
Big Sky Ski Program	\$ 110,000	\$ 110,000
EMBLEM Program	100,000	190,692
Family Support Services	26,000	77,000
Unrestricted	20,000	38,138
Total	<u>\$ 256,000</u>	<u>\$ 415,830</u>
Amount due in less than one year	\$ 256,000	\$ 273,593
Amount due in one to five years	\$ -	\$ 153,407
Less discount to net present value at 3.2%	-	(11,170)
	<u>\$ 256,000</u>	<u>\$ 415,830</u>

Promises to Give

Conditional promises to give at September 30, 2020, 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, 2020.

7. 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, 2020 and 2019 was approximately \$798 and \$1,996, 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.

8. 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 4% of the individual participant's compensation. Total expenses for the years ended September 30, 2020 and 2019 were \$18,893 and \$24,461, respectively.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

9. 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, 2020, the Organization received \$21,000 in rental payments.

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

Fiscal Year	Annual Rent
2021	\$ 21,000
2022	21,000
2023	21,875
2024	23,100
2025	23,100
Subsequent	434,011
Total	<u>\$ 544,086</u>

10. NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are restricted for the following purposes for the fiscal years ended September 30, 2020 and 2019:

	2020	2019
Big Sky Kids	\$ 160,664	\$ 162,673
Land development	15,814	27,507
EMBLEM	119,283	103,266
Equestrian	12,183	12,183
Family support services	109,553	173,362
Braveheart	13,550	13,550
Miscellaneous	82,935	40,826
Investment return on endowed donor restricted net assets not yet appropriated for expenditure	819,018	870,117
Endowments	3,220,233	3,042,199
	<u>\$ 4,553,233</u>	<u>\$ 4,445,683</u>

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

11. ENDOWMENT FUNDS

a. Board-designated Endowment

As of September 30, 2020 and 2019, the Board of Directors had designated \$1,040,174 and \$1,170,078 of net assets without donor restrictions 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 net assets without donor restrictions.

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 donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts that are not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

b. Donor-designated Endowment

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.

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.

EAGLE MOUNT BOZEMAN
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11. ENDOWMENT FUNDS

Endowment net asset composition by type of fund as of September 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,199,916	\$ 4,199,916
Board-designated endowment funds	1,040,174	-	1,040,174
Total funds	<u>\$ 1,040,174</u>	<u>\$ 4,199,916</u>	<u>\$ 5,240,090</u>

Changes in endowment net assets as of September 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowed net assets, beginning of year	\$ 1,170,078	\$ 4,074,988	\$ 5,245,066
Contributions	-	169,000	169,000
Investment return:			
Investment income	9,065	53,499	62,564
Net appreciation	(18,969)	10,703	(8,266)
Change in value of split-interest agreement	-	(274)	(274)
Amounts appropriated for expenditures	(120,000)	(108,000)	(228,000)
Endowment net assets, end of year	<u>\$ 1,040,174</u>	<u>\$ 4,199,916</u>	<u>\$ 5,240,090</u>

Endowment net asset composition by type of fund as of September 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,074,988	\$ 4,074,988
Board-designated endowment funds	1,170,078	-	1,170,078
Total funds	<u>\$ 1,170,078</u>	<u>\$ 4,074,988</u>	<u>\$ 5,245,066</u>

EAGLE MOUNT BOZEMAN
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11. ENDOWMENT FUNDS

Changes in endowment net assets as of September 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowed net assets, beginning of year	\$ 1,129,649	\$ 3,834,967	\$ 4,964,616
Contributions	-	310,026	310,026
Investment return:			
Investment income	17,267	73,120	90,387
Net appreciation	23,162	21,642	44,804
Change in value of split-interest agreement	-	(274)	(274)
Amounts appropriated for expenditures	-	(164,493)	(164,493)
Endowment net assets, end of year	<u>\$ 1,170,078</u>	<u>\$ 4,074,988</u>	<u>\$ 5,245,066</u>

12. 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, 2020 and 2019 was \$60,271 and \$57,424, respectively and the present value of the future annuity payments was \$8,122 and \$7,848 at these same dates.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

13. 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 2020 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, 2020 AND 2019

13. 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, 2020 and 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>September 30, 2020</u>			
Endowment investments:			
Mutual funds	\$ 1,360,836	\$ -	\$ 1,360,836
Government bonds	28,490	-	28,490
Fixed income	400,904	-	400,904
Exchange traded funds	22,761	-	22,761
Stocks	1,344,447	-	1,344,447
Certificates of deposit	-	137,241	137,241
	<u>\$ 3,157,438</u>	<u>\$ 137,241</u>	<u>\$ 3,294,679</u>
<u>September 30, 2019</u>			
Endowment investments:			
Mutual funds	\$ 1,416,487	\$ -	\$ 1,416,487
Government bonds	25,458	-	25,458
Fixed income	606,750	-	606,750
Exchange traded funds	826,746	-	826,746
Stocks	1,107,182	-	1,107,182
Certificates of deposit	-	215,805	215,805
	<u>\$ 3,982,623</u>	<u>\$ 215,805</u>	<u>\$ 4,198,428</u>

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 2020:

Description of donated services	Program Services	Administrative	Total
Accounting	\$ 7,200	\$ 1,800	\$ 9,000
Entertainment	23,150	1,500	24,650
Equipment repairs	2,400	-	2,400
Marketing and Advertising	6,580	1,020	7,600
Construction	2,200	-	2,200
	<u>\$ 41,530</u>	<u>\$ 4,320</u>	<u>\$ 45,850</u>

For the year ended September 30, 2019:

Description of donated services	Program Services	Administrative	Total
Accounting	\$ 6,800	\$ 1,700	\$ 8,500
Entertainment	6,821	-	6,821
Equipment repairs	2,160	-	2,160
Medical	11,110	-	11,110
Transportation	5,150	-	5,150
	<u>\$ 32,041</u>	<u>\$ 1,700</u>	<u>\$ 33,741</u>

Three local ski areas donated lift tickets and rentals in the amount of approximately \$620,000 and \$385,000 during the years ended September 30, 2020 and 2019, respectively. These amounts are reflected in the financial statements as support and expenses for the skiing programs.

EAGLE MOUNT BOZEMAN
NOTES TO THE FINANCIAL STATEMENTS
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15. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through June 01, 2021, the date the financial statements were available to be issued.

a. Paycheck Protection Program (PPP) Loans

On April 13, 2020, the Organization obtained a Paycheck Protection Program Loan in the amount of \$163,900 from a local bank. The Organization applied for forgiveness in January 2021 and anticipates the loan to be fully forgiven under Section 1106 of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

In addition, the Organization was approved for a second PPP loan on January 30, 2021 for an amount of \$218,135. The terms of the loan are similar to the first draw which include an interest rate of 1% and a maturity date of five years from disbursement. However, the Organization anticipates the loan to be fully forgiven.