

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.





BIG SKY COMMUNITY CORPORATION

FINANCIAL REPORT

June 30, 2015 and 2014



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Sky Community Corporation
Big Sky, Montana

We have audited the accompanying financial statements of the Big Sky Community Corporation (a nonprofit organization), hereinafter referred to as "the Corporation," which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, 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 of material misstatement.

An audit involves performing procedures to obtain 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 the 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 Big Sky Community Corporation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenses – actual and budget of the Corporation for the year ended June 30, 2015 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anderson Zurmuehlen & Co., P.C.

Butte, Montana
January 21, 2016

FINANCIAL STATEMENTS

BIG SKY COMMUNITY CORPORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 227,505	\$ 219,007
Prepaid expenses	8,786	-
Resort tax receivable	105,136	76,697
Accounts receivable	<u>23,570</u>	<u>17,163</u>
Total current assets	<u>364,997</u>	<u>312,867</u>
PROPERTY AND EQUIPMENT		
Land	1,305,961	1,305,961
Buildings and improvements	1,084,399	1,084,399
Other improvements	1,439,354	1,427,800
Equipment	<u>15,800</u>	<u>15,800</u>
	3,845,514	3,833,960
Accumulated depreciation and amortization	<u>(601,814)</u>	<u>(469,860)</u>
	<u>3,243,700</u>	<u>3,364,100</u>
OTHER ASSETS		
Projects in process	<u>-</u>	<u>35,000</u>
Total assets	<u>\$ 3,608,697</u>	<u>\$ 3,711,967</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 29,984	\$ 60,483
Deferred revenue	58,195	-
Accrued liabilities	<u>29,874</u>	<u>3,502</u>
Total current liabilities	<u>118,053</u>	<u>63,985</u>
NET ASSETS		
Unrestricted	2,509,469	2,685,807
Temporarily restricted	25,000	6,000
Permanently restricted	<u>956,175</u>	<u>956,175</u>
	<u>3,490,644</u>	<u>3,647,982</u>
Total liabilities and net assets	<u>\$ 3,608,697</u>	<u>\$ 3,711,967</u>

The Notes to Financial Statements are an integral part of these statements.

BIG SKY COMMUNITY CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total
REVENUES AND SUPPORT				
Contributions	\$ 222,217	\$ 25,000	\$ -	\$ 247,217
In-kind contributions	10,225	-	-	10,225
Grant income	318,851	-	-	318,851
Camp Big Sky	106,915	-	-	106,915
Historic Crail Ranch	33,155	-	-	33,155
Other revenues	58,258	-	-	58,258
Net assets released from restriction	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>
	<u>755,621</u>	<u>19,000</u>	<u>-</u>	<u>774,621</u>
EXPENSES				
Program:				
Camp Big Sky	144,962	-	-	144,962
Historic Crail Ranch	28,956	-	-	28,956
Other programs	16,097	-	-	16,097
Parks	200,776	-	-	200,776
Trails	<u>311,867</u>	<u>-</u>	<u>-</u>	<u>311,867</u>
Total program expenses	702,658	-	-	702,658
Fundraising	89,761	-	-	89,761
General and administrative	<u>139,540</u>	<u>-</u>	<u>-</u>	<u>139,540</u>
Total expenses	<u>931,959</u>	<u>-</u>	<u>-</u>	<u>931,959</u>
Change in net assets	(176,338)	19,000	-	(157,338)
Beginning net assets	<u>2,685,807</u>	<u>6,000</u>	<u>956,175</u>	<u>3,647,982</u>
Ending net assets	<u>\$ 2,509,469</u>	<u>\$ 25,000</u>	<u>\$ 956,175</u>	<u>\$ 3,490,644</u>

The Notes to Financial Statements are an integral part of these statements.

BIG SKY COMMUNITY CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
REVENUES AND SUPPORT				
Contributions	\$ 285,654	\$ -	\$ -	\$ 285,654
In-kind contributions	3,900	-	-	3,900
Grant income	439,694	-	-	439,694
Camp Big Sky	110,743	-	-	110,743
Historic Crail Ranch	37,669	-	-	37,669
Other revenues	53,259	-	-	53,259
Net assets released from restriction	<u>5,837</u>	<u>(5,837)</u>	<u>-</u>	<u>-</u>
	<u>936,756</u>	<u>(5,837)</u>	<u>-</u>	<u>930,919</u>
EXPENSES				
Program:				
Camp Big Sky	152,633	-	-	152,633
Historic Crail Ranch	14,362	-	-	14,362
Other programs	57,256	-	-	57,256
Parks	200,765	-	-	200,765
Trails	<u>72,081</u>	<u>-</u>	<u>-</u>	<u>72,081</u>
Total program expenses	497,097	-	-	497,097
Fundraising	107,452	-	-	107,452
General and administrative	<u>105,851</u>	<u>-</u>	<u>-</u>	<u>105,851</u>
Total expenses	<u>710,400</u>	<u>-</u>	<u>-</u>	<u>710,400</u>
Change in net assets	226,356	(5,837)	-	220,519
Beginning net assets	<u>2,459,451</u>	<u>11,837</u>	<u>956,175</u>	<u>3,427,463</u>
Ending net assets	<u>\$ 2,685,807</u>	<u>\$ 6,000</u>	<u>\$ 956,175</u>	<u>\$ 3,647,982</u>

The Notes to Financial Statements are an integral part of these statements.

BIG SKY COMMUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSE
For the Year Ended June 30, 2015

	Camp Big Sky	Historic Crail Ranch	Other programs	Parks	Trails	Total program	Fundraising	General and administrative	2015
Advertising	\$ 255	\$ 2,153	\$ -	\$ -	\$ 1,616	\$ 4,024	\$ 48	\$ 52	\$ 4,124
Camp external expense	27,526	-	-	-	-	27,526	-	-	27,526
Depreciation	2,502	1,607	-	101,837	26,008	131,954	-	-	131,954
Maintenance and repairs	-	3,931	-	51,199	25,870	81,000	-	9,357	90,357
Management fee	6,972	1,796	180	582	1,288	10,818	-	(10,818)	-
Other	3,637	1,367	255	3,120	6,581	14,960	-	45,676	60,636
Professional fees	-	-	-	-	-	-	-	17,065	17,065
Rent	-	-	-	1,500	-	1,500	-	6,230	7,730
Special projects	2,478	15,056	13,591	33,556	209,849	274,530	81,342	-	355,872
Supplies	23,745	1,957	-	-	855	26,557	1,045	4,389	31,991
Utilities	-	1,049	-	3,021	-	4,070	-	2,795	6,865
Insurance	1,507	-	-	-	-	1,507	-	-	1,507
Wages and benefits	<u>76,340</u>	<u>40</u>	<u>2,071</u>	<u>5,961</u>	<u>39,800</u>	<u>124,212</u>	<u>7,326</u>	<u>64,794</u>	<u>196,332</u>
Total expenses	<u>\$ 144,962</u>	<u>\$ 28,956</u>	<u>\$ 16,097</u>	<u>\$ 200,776</u>	<u>\$ 311,867</u>	<u>\$ 702,658</u>	<u>\$ 89,761</u>	<u>\$ 139,540</u>	<u>\$ 931,959</u>

The Notes to Financial Statements are an integral part of these statements.

BIG SKY COMMUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSE
For the Year Ended June 30, 2014

	Camp Big Sky	Historic Crail Ranch	Other programs	Parks	Trails	Total program	Fundraising	General and administrative	2014
Advertising	\$ 380	\$ 4,045	\$ -	\$ 2,722	\$ 479	\$ 7,626	\$ 128	\$ 910	\$ 8,664
Camp external expense	70,753	-	-	-	-	70,753	-	-	70,753
Depreciation	-	105	-	90,684	26,008	116,797	-	-	116,797
Maintenance and repairs	-	2,139	-	51,899	12,432	66,470	-	-	66,470
Other	1,500	1,090	-	8,299	413	11,302	-	11,474	22,776
Professional fees	-	900	-	19,903	523	21,326	-	10,845	32,171
Rent	-	-	-	-	-	-	-	6,150	6,150
Special projects	-	3,070	47,556	-	-	50,626	97,772	200	148,598
Supplies	983	1,150	-	8,801	725	11,659	2,138	4,493	18,290
Utilities	-	1,272	-	13,765	-	15,037	-	2,327	17,364
Insurance	1,130	-	-	-	-	1,130	-	10,228	11,358
Wages and benefits	77,887	591	9,700	4,692	31,501	124,371	7,414	59,224	191,009
Total expenses	<u>\$ 152,633</u>	<u>\$ 14,362</u>	<u>\$ 57,256</u>	<u>\$ 200,765</u>	<u>\$ 72,081</u>	<u>\$ 497,097</u>	<u>\$ 107,452</u>	<u>\$ 105,851</u>	<u>\$ 710,400</u>

The Notes to Financial Statements are an integral part of these statements.

BIG SKY COMMUNITY CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (157,338)	\$ 220,519
Adjustments to reconcile excess of revenues over expenses to net cash from operating activities:		
Depreciation	131,954	116,797
Changes in operating assets and liabilities		
Resort tax receivable	(28,439)	(48,330)
Other receivables	(6,407)	(14,138)
Prepaid expenses	(8,786)	-
Projects in process	35,000	(35,000)
Accounts payable	(30,499)	8,625
Deferred revenue	58,195	-
Accrued liabilities	<u>26,372</u>	<u>1,263</u>
Net cash flows from operating activities	<u>20,052</u>	<u>249,736</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and improvements	<u>(11,554)</u>	<u>(379,446)</u>
Net cash flows from investing activities	<u>(11,554)</u>	<u>(379,446)</u>
Net change in cash and cash equivalents	8,498	(129,710)
Cash and cash equivalents, beginning of year	<u>219,007</u>	<u>348,717</u>
Cash and cash equivalents, end of year	<u>\$ 227,505</u>	<u>\$ 219,007</u>

The Notes to Financial Statements are an integral part of these statements.

BIG SKY COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1. ORGANIZATION

Nature of Activities

The Big Sky Community Corporation (the Corporation) was formed on June 2, 1998. It is a non-profit public benefit corporation in Montana. The Corporation promotes, acquires and preserves sustainable recreational resources and programming for the use of the Big Sky Community and its visitors.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to non-profit organizations, as codified by the Financial Accounting Standards Board. Revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all short-term investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2015 and 2014, the Corporation's cash balances did not exceed federal deposit insurance (FDIC) coverage at local financial institutions.

Property and Equipment

The Corporation capitalizes all purchases of fixed assets with a cost of \$5,000 or more and an estimated economic life longer than one year.

The Corporation capitalizes land, buildings and equipment at cost. Donated fixed assets are recorded at their estimated fair value at the date of the gift. Gifts are recorded as revenue when received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

BIG SKY COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Property and equipment are depreciated using the straight-line method with estimated useful lives as follows:

Land improvements	10 - 25 years
Buildings and improvements	10 - 25 years
Other improvements	7 - 25 years
Equipment	3 – 5 years

Depreciation expense amounted to \$131,954 and \$116,797 for the years ended June 30, 2015 and 2014, respectively.

Net Assets

All financial transactions have been recorded and reported as unrestricted, temporarily restricted, or permanently restricted net assets:

- Unrestricted net assets represent those amounts that are available for use in carrying out the mission of the Corporation, and include those expendable resources which have been designated for special use by the Corporation. The Corporation's policy is to record program service contracts and grants as unrestricted when it is expected the grants and contracts will be expended in the same year.
- Temporarily restricted net assets represent those amounts that are donor restricted for specific purposes or by time. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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.
- Permanently restricted net assets result from contributions from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity.

Grant Revenue

During the years ended June 30, 2015 and 2014, the Corporation recognized grant revenue of \$318,851 and \$439,694, respectively, including resort tax income and grants from state agencies. Applications are reviewed by the Big Sky Resort Area District Board of Trustees, which makes the final decisions on funding each year.

Deferred Revenue

Deferred revenue represents cash received in which related expenditures or services have not been incurred or performed.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

BIG SKY COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

The Corporation recognizes the fair value of contributed services received if such services require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Corporation receives services from a number of volunteers who give significant amounts of their time to the Corporation's programs but which do not meet the criteria for financial statement recognition.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to general and administrative expense.

Advertising Expense

The Corporation advertises mainly in newspaper and magazine print ads, and expenses the cost of advertising as incurred. Advertising for the year ended June 30, 2015 and 2014 amounted to \$4,124 and \$8,664, respectively.

Tax Exempt Status

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Corporation is not a private foundation.

With few exceptions, the Corporation is no longer subject to examinations by federal and state tax authorities for years before 2011.

Accounting Estimates

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

Concentrations

37% of the total revenues and 100% of the resort tax receivable relates to funding from the Big Sky Resort Area District for the year ended June 30, 2015. 45% of the total revenues and 100% of the resort tax receivable relates to funding from the Big Sky Resort Area District for the year ended June 30, 2014. A significant change in the funding from the District could impact the financial position of the Corporation.

BIG SKY COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at face value. Amounts determined to be uncollectible would be directly written off. There is no allowance for doubtful accounts at June 30, 2015 or 2014 as management considers all amounts to be collectible.

Reclassifications

Certain items in the prior period presented have been reclassified to conform to the current period presentation. No changes in net assets resulted due to the reclassifications.

Subsequent Events

Management has evaluated other subsequent events through January 21, 2016, the date which the financial statements were available for issue.

NOTE 3. NET ASSETS

Unrestricted Board Designated Net Assets

From time to time, the Board will designate a portion of unrestricted net assets for specific purposes or specific programs. As of June 30, 2015 and 2014 there were no Board designated net assets.

Temporarily Restricted Net Assets

As of June 30, 2015 and 2014 all temporarily restricted revenue relates to the Mountains to Meadows trails project.

Permanently Restricted Net Assets

All permanently restricted net assets relate to land for public parks and trails.

NOTE 4. ENDOWMENT AT MONTANA COMMUNITY FOUNDATION

The Corporation is the designated beneficiary for endowment fund earnings held at the Montana Community Foundation. In accordance with GAAP these restricted assets in the amount of \$55,414 and \$55,705 as of June 30, 2015 and 2014, respectively, are not included in the Corporation's statement of financial position. The earnings, if distributed to the Corporation, are recorded as interest income in the year of receipt. During the years ended June 30, 2015 and 2014, the Corporation received \$2,312 and \$1,979 in earnings from the endowment, respectively.

The endowment provides unrestricted funds to be used at the discretion of the Corporation's Board of Directors.

BIG SKY COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 5. RELATED PARTY TRANSACTIONS

During the fiscal years ended June 30, 2015 and 2014, the Corporation purchased trails maintenance and construction services from a business owned by a Board member. The total paid to the related party for trails maintenance and construction services amounted to \$2,447 and \$11,712 for the fiscal years ended June 30, 2015 and 2014, respectively.

During the fiscal year ended June 30, 2014, the Corporation purchased architectural services from a business owned by a Board member. The total paid to the related party for architectural services amounted to \$13,332. No related party architectural services were purchased as of June 30, 2015.

The Corporation leases office space in the Resort Tax District Building. The Corporation receives an in-kind contribution for the rent of the office. The contribution is recorded as in-kind revenue and the full amount of the rent is expensed as incurred.

NOTE 6. RENT EXPENSE

The Corporation leases a building for use by Camp Big Sky as well as the tennis program. The Corporation also leases office space in the Resort Tax District building. The Corporation receives an in-kind contribution for the office space rent. The in-kind contribution is recorded as in-kind revenue and the full amount of the rent is expensed as incurred. Total rent expense for the years ended June 30, 2015 and 2014 amounted to \$6,230 and \$6,150, respectively.

NOTE 7. COMMITMENTS

During the fiscal year ended June 30, 2014, the Corporation signed contracts with two contractors for landscaping and irrigation work and trails construction. Approximately \$45,000 of work remained on the contracts as of June 30, 2014. There were no outstanding commitments to contractors as of June 30, 2015.

ACCOMPANYING INFORMATION

BIG SKY COMMUNITY CORPORATION
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET
Year Ended June 30, 2015

	Actual	Budget	Variance
REVENUES			
Contributions	\$ 247,217	\$ 194,341	\$ 52,876
In-kind contributions	10,225	-	10,225
Grant income	318,851	393,720	(74,869)
Camp Big Sky	106,915	129,635	(22,720)
Historic Crail Ranch	33,155	33,750	(595)
Other revenues	58,258	38,825	19,433
	<u>774,621</u>	<u>790,271</u>	<u>(15,650)</u>
EXPENSES			
Program:			
Camp Big Sky	144,962	150,393	(5,431)
Historic Crail Ranch	28,956	32,625	(3,669)
Other programs	16,097	11,130	4,967
Parks	200,776	11,397	189,379
Trails	311,867	365,120	(53,253)
Total program expenses	702,658	570,665	131,993
Fundraising	89,761	71,500	18,261
General and administrative	139,540	129,330	10,210
Total expenses	931,959	771,495	160,464
Changes in net assets	<u>\$ (157,338)</u>	<u>\$ 18,776</u>	<u>\$ (176,114)</u>

See Independent Auditor's Report.



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