

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 ORGANIZATION

FINANCIAL REPORT

June 30, 2019 and 2018



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Big Sky Community Organization (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018 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 from 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 Organization as of June 30, 2019 and 2018, 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.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, Big Sky Community Organization has adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinions are not modified with respect to this matter.

Anderson Zurmuehlen & Co., P.C.

Butte, Montana
November 19, 2019

FINANCIAL STATEMENTS

BIG SKY COMMUNITY ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,809,765	\$ 348,601
Prepaid expenses	56,547	37,728
Resort tax receivable	44,111	184,999
Accounts receivable	25,983	128,628
Pledges receivable	377,919	-
Unconditional promise to give	<u>17,000</u>	<u>-</u>
Total current assets	<u>4,331,325</u>	<u>699,956</u>
PROPERTY AND EQUIPMENT		
Land and improvements	3,505,961	1,505,961
Construction in progress	1,011,069	-
Buildings and improvements	1,129,132	1,129,132
Other improvements	1,542,042	1,542,042
Equipment	<u>38,345</u>	<u>15,800</u>
	7,226,549	4,192,935
Accumulated depreciation	<u>(1,126,039)</u>	<u>(1,000,647)</u>
Total property and equipment	<u>6,100,510</u>	<u>3,192,288</u>
OTHER ASSETS		
Long-term unconditional promise to give, net net of discount of \$3,935 and \$-0-, respectively	29,065	-
Beneficial interest in assets held by Montana Community Foundation	<u>15,000</u>	<u>15,000</u>
Total other assets	<u>44,065</u>	<u>15,000</u>
Total assets	<u>\$ 10,475,900</u>	<u>\$ 3,907,244</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 128,272	\$ 168,352
Related-party payable	-	4,370
Deferred revenue	110,257	87,009
Accrued liabilities	<u>30,495</u>	<u>21,506</u>
Total current liabilities	<u>269,024</u>	<u>281,237</u>
NET ASSETS		
Without donor restrictions	5,563,281	2,599,145
Without donor restrictions - Board designated	<u>15,000</u>	<u>15,000</u>
Total net assets without donor restrictions	5,578,281	2,614,145
With donor restrictions	<u>4,628,595</u>	<u>1,011,862</u>
	<u>10,206,876</u>	<u>3,626,007</u>
Total liabilities and net assets	<u>\$ 10,475,900</u>	<u>\$ 3,907,244</u>

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

BIG SKY COMMUNITY ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2019 Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 387,918	\$ 6,656,789	\$ 7,044,707
In-kind contributions	28,756	-	28,756
Grant revenue	547,493	-	547,493
Tuition and fees	75,217	-	75,217
Other revenues	17,975	-	17,975
Net assets released from restriction	<u>3,040,056</u>	<u>(3,040,056)</u>	<u>-</u>
Total revenues and support	<u>4,097,415</u>	<u>3,616,733</u>	<u>7,714,148</u>
EXPENSES			
Program:			
Camp Big Sky	76,206	-	76,206
Parks	250,901	-	250,901
Trails	278,501	-	278,501
Historic Crail Ranch	50,106	-	50,106
Community Center	<u>205,837</u>	<u>-</u>	<u>205,837</u>
Total program expenses	861,551	-	861,551
Fundraising	83,424	-	83,424
General and administrative	<u>188,304</u>	<u>-</u>	<u>188,304</u>
Total expenses	<u>1,133,279</u>	<u>-</u>	<u>1,133,279</u>
Change in net assets	2,964,136	3,616,733	6,580,869
Beginning net assets	<u>2,614,145</u>	<u>1,011,862</u>	<u>3,626,007</u>
Ending net assets	<u>\$ 5,578,281</u>	<u>\$ 4,628,595</u>	<u>\$ 10,206,876</u>

The Notes to Financial Statements are an integral part of this statement.

BIG SKY COMMUNITY ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2018

	Without Donor Restriction	With Donor Restriction	2018 Total
REVENUES AND SUPPORT			
Contributions	\$ 310,799	\$ 300,421	\$ 611,220
In-kind contributions	8,685	-	8,685
Grant revenue	569,069	-	569,069
Tuition and fees	76,930	-	76,930
Other revenues	12,032	-	12,032
Net assets released from restriction	<u>244,734</u>	<u>(244,734)</u>	<u>-</u>
Total revenues and support	<u>1,222,249</u>	<u>55,687</u>	<u>1,277,936</u>
EXPENSES			
Program:			
Camp Big Sky	75,540	-	75,540
Parks	284,458	-	284,458
Trails	431,818	-	431,818
Historic Crail Ranch	47,366	-	47,366
Community Center	<u>36,306</u>	<u>-</u>	<u>36,306</u>
Total program expenses	875,488	-	875,488
Fundraising	74,871	-	74,871
General and administrative	<u>138,174</u>	<u>-</u>	<u>138,174</u>
Total expenses	<u>1,088,533</u>	<u>-</u>	<u>1,088,533</u>
Change in net assets	133,716	55,687	189,403
Beginning net assets	<u>2,480,429</u>	<u>956,175</u>	<u>3,436,604</u>
Ending net assets	<u>\$ 2,614,145</u>	<u>\$ 1,011,862</u>	<u>\$ 3,626,007</u>

The Notes to Financial Statements are an integral part of this statement.

BIG SKY COMMUNITY ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Camp Big Sky	Parks	Trails	Historic Crail Ranch	Community Center	Total Program	Fundraising	General and Administrative	2019
Advertising	\$ -	\$ 15	\$ 88	\$ 3,413	\$ -	\$ 3,516	\$ -	\$ 9	\$ 3,525
Bank and credit card fees	1,192	48	102	24	2,243	3,609	-	418	4,027
Campaign	-	-	2,458	346	6,263	9,067	-	2,686	11,753
Contribution	-	1,243	9,678	-	-	10,921	-	-	10,921
Depreciation	4,089	89,668	26,708	4,927	-	125,392	-	-	125,392
Insurance	1,894	27,524	20,177	38	292	49,925	240	777	50,942
Maintenance and repairs	349	41,152	43,888	1,121	-	86,510	-	-	86,510
Other	2,718	1,722	4,076	1,701	5,106	15,323	515	1,667	17,505
Professional fees	8,199	14,050	19,829	4,533	102,912	149,523	7,072	14,720	171,315
Rent	1,305	5,928	14,914	730	5,606	28,483	4,608	14,909	48,000
Special projects	-	5,525	3,320	9,972	20,272	39,089	53,835	5,000	97,924
Supplies	6,265	13,562	14,540	4,671	15,897	54,935	1,170	3,784	59,889
Utilities and taxes	371	3,790	1,800	2,140	1,862	9,963	430	1,392	11,785
Wages and benefits	49,824	46,674	116,923	16,490	45,384	275,295	15,554	142,942	433,791
Total expenses	<u>\$ 76,206</u>	<u>\$ 250,901</u>	<u>\$ 278,501</u>	<u>\$ 50,106</u>	<u>\$ 205,837</u>	<u>\$ 861,551</u>	<u>\$ 83,424</u>	<u>\$ 188,304</u>	<u>\$ 1,133,279</u>

The Notes to Financial Statements are an integral part of this statement.

BIG SKY COMMUNITY ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Camp Big Sky	Parks	Trails	Historic Crail Ranch	Community Center	Total Program	Fundraising	General and Administrative	2018
Advertising/marketing/design	\$ 160	\$ 1,617	\$ 5,461	\$ 2,837	\$ 240	\$ 10,315	\$ -	\$ 2,963	\$ 13,278
Bank and credit card fees	1,406	40	215	238	-	1,899	-	805	2,704
Depreciation	4,089	101,753	24,077	4,928	-	134,847	-	-	134,847
Insurance	1,936	21,065	16,615	71	105	39,792	248	1,058	41,098
Maintenance and repairs	397	60,691	28,721	2,719	-	92,528	-	-	92,528
Other	5,244	6,214	25,514	6,454	216	43,642	504	2,166	46,312
Professional fees	4,194	4,795	13,139	505	757	23,390	1,767	12,707	37,864
Rent	900	8,550	16,650	900	1,350	28,350	3,150	13,500	45,000
Special projects	3,094	18,845	196,201	13,265	26,588	257,993	50,483	-	308,476
Supplies	5,402	8,678	5,022	2,630	262	21,994	610	2,615	25,219
Utilities and taxes	343	2,224	1,639	1,792	133	6,131	310	1,329	7,770
Wages and benefits	48,375	49,986	98,564	11,027	6,655	214,607	17,799	101,031	333,437
Total expenses	<u>\$ 75,540</u>	<u>\$ 284,458</u>	<u>\$ 431,818</u>	<u>\$ 47,366</u>	<u>\$ 36,306</u>	<u>\$ 875,488</u>	<u>\$ 74,871</u>	<u>\$ 138,174</u>	<u>\$ 1,088,533</u>

The Notes to Financial Statements are an integral part of this statement.

BIG SKY COMMUNITY ORGANIZATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 6,580,869	\$ 189,403
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	125,392	134,847
Changes in operating assets and liabilities:		
Prepaid expenses	(18,819)	(2,612)
Resort tax receivable	140,888	(85,110)
Accounts receivable	102,645	(118,754)
Pledges receivable	(377,919)	-
Unconditional promise to give	(46,065)	-
Accounts payable	(40,080)	(151,464)
Related-party payable	(4,370)	4,370
Deferred revenue	23,248	(17,112)
Accrued liabilities	<u>8,989</u>	<u>(12,947)</u>
Net cash flows from operating activities	<u>6,494,778</u>	<u>(59,379)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land and improvements	<u>(3,033,614)</u>	<u>(274,740)</u>
Net cash flows from investing activities	<u>(3,033,614)</u>	<u>(274,740)</u>
 Net change in cash and cash equivalents	3,461,164	(334,119)
Cash and cash equivalents, beginning of year	<u>348,601</u>	<u>682,720</u>
Cash and cash equivalents, end of year	<u>\$ 3,809,765</u>	<u>\$ 348,601</u>

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

BIG SKY COMMUNITY ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1. ORGANIZATION

Nature of Activities

The Big Sky Community Organization (the Organization) was formed on June 2, 1998 as a non-profit public benefit corporation in Montana. The Organization engages and leads people to recreational and enrichment opportunities through thoughtful development of partnerships, programs and places.

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.

Change in Accounting Principle

The Organization has adopted the provisions of FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented in the financial statements and did not have a material effect on the statements. The financial statements include a disclosure on liquidity and availability of resources, see Note 9. The Organization has elected the option under the standard's adoption guidance to omit this disclosure for the year ended June 30, 2018.

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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2019, the Organization's cash balances exceeded federal deposit insurance (FDIC) coverage at financial institutions by \$3,525,930. There were no balances in excess of FDIC coverage as of June 30, 2018.

BIG SKY COMMUNITY ORGANIZATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at face value. Amounts determined to be uncollectible are directly written off. There is no allowance for doubtful accounts at June 30, 2019 or 2018 as management considers all amounts to be collectible.

Property and Equipment

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

The Organization 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 support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. 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.

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 was \$125,392 and \$134,847 for the years ended June 30, 2019 and 2018, respectively.

Other Assets

Investments in other assets are reported at fair value. Fair value is the 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. See Note 4 for discussion of fair value measurements of other assets.

Deferred Revenue

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

BIG SKY COMMUNITY ORGANIZATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

All financial transactions have been recorded and reported as net assets with and without donor restrictions:

- Net assets without donor restrictions represent those amounts that are available for use in carrying out the mission of the Organization, and include those expendable resources which have been designated for special use by the Organization. The Organization'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.
- Net assets with donor restrictions represent those amounts that are donor restricted for specific purposes or by time or those which mandate that the original principal be invested in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant Revenue

During the years ended June 30, 2019 and 2018, the Organization recognized grant revenue of \$547,493 and \$569,069, respectively, including resort tax revenue 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.

Contributions

Contributions received are recorded as support with and without donor restrictions depending on the existence or nature of any donor restrictions.

Unconditional promises to give are recognized as revenues in the period in which the promise is received. The Organization distinguishes between promises received for each net asset category in accordance with donor restrictions. Promises are recorded after being discounted to the anticipated net present value of the future cash flows. The effective interest rate used by management is 2.80%. The face value of the unconditional promise to be received over 3 years is \$50,000. The discount for the net present value of the unconditional promise to give is \$3,935 as of June 30, 2019. There is no discount as of June 30, 2018.

Pledges are recorded as receivables and revenue when the pledge is billed. Management reviews the individual pledges for collectability. Uncollectible pledges are expected to be insignificant. Accordingly, no allowance for uncollectible pledges is considered necessary at June 30, 2019 or 2018. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2019 and 2018, the Organization did not have any conditional promises

BIG SKY COMMUNITY ORGANIZATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

The Organization 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 Organization receives services from a number of volunteers who give significant amounts of their time to the Organization'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. Expenses are charged to fundraising and general and administrative expenses based on direct expenditures incurred. Certain indirect costs have been allocated among the programs and supporting services benefited based on employee hours worked.

Advertising Expense

The Organization advertises mainly in newspaper and magazine print ads, and expenses the cost of advertising as incurred. Advertising for the years ended June 30, 2019 and 2018, amounted to \$3,525 and \$4,623, respectively.

Tax Exempt Status

The Organization 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 Organization is not a private foundation.

Concentrations

6% 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, 2019. 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, 2018. A significant change in the funding from the District could impact the financial position of the Organization.

Subsequent Events

Management has evaluated other subsequent events through November 19, 2019, the date which the financial statements were available to be issued.

NOTE 3. CONSTRUCTION IN PROGRESS

Construction in progress on the statement of financial position includes \$78,711 for engineering and design of the Beehive Basin Trailhead project and \$932,358 for design development for the Community Center project. The Beehive Basin Trailhead was completed in September 2019. The Community Center is expected to be completed in 2021. As of June 30, 2019, \$218,610 remains on construction contracts for these projects. No amounts were committed on these projects as of June 30, 2018.

BIG SKY COMMUNITY ORGANIZATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 4. ENDOWMENTS AT MONTANA COMMUNITY FOUNDATION

The Organization is the designated beneficiary for endowment fund earnings held at the Montana Community Foundation (MCF) for a donor-established endowment. In accordance with GAAP these restricted assets in the amount of \$59,261 and \$57,542 as of June 30, 2019 and 2018, respectively, are not included in the Organization's statement of financial position. The earnings, if distributed to the Organization, are recorded as interest income in the year of receipt. No earnings were received from the endowment for the years ended June 30, 2019 or 2018. The endowment provides funds to be used at the discretion of the Organization's Board of Directors.

The Organization created an agency endowment at MCF in June 2017 that is a board designated fund for the Organization's own benefit. In accordance with GAAP these restricted assets in the amount of \$15,000 as of June 30, 2019 and 2018 are included in the Organization's statement of financial position as a beneficial interest in assets held by MCF. The MCF Board has the authority to vary the terms of the endowment as appropriate.

The asset is reported at fair value and is categorized as a level 3 fair value measurement. Level 3 measurement states that the inputs to the valuation methodology are unobservable and significant to the fair value measurement. The earnings, if distributed to the Organization, are recorded as interest income in the year of receipt. The endowment provides funds without donor restrictions to be used at the discretion of the Organization's Board of Directors. No amounts were distributed as of June 30, 2019 and 2018 in accordance with the Organization's investment policy.

NOTE 5. NET ASSETS

Net Assets without Donor Restrictions – Board Designated

From time to time, the Board will designate a portion of net assets without donor restrictions for specific purposes or specific programs. As of June 30, 2019 and 2018, there was \$15,000 in Board designated net assets.

Net Assets with Donor Restrictions

As of June 30, 2019, \$3,672,420 relates to the Beehive Basin Trailhead and Community Center projects and \$956,175 relates to land held for public parks and trails. Net assets were released from restriction upon completion of phases of the projects in 2019 and 2018 of \$3,040,056 and \$244,734, respectively.

BIG SKY COMMUNITY ORGANIZATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 6. COLLECTION

The Organization has a collection that consists of cultural and historical items restored and maintained at the Historic Crail Ranch for educational purposes. Collection items acquired through donation are not capitalized. Contributions of collection items are not recognized in the statement of activities.

NOTE 7. RELATED-PARTY TRANSACTIONS

The Organization purchased trails maintenance and construction services from a business owned by a Board member. During the years ended June 30, 2019 and 2018, the total paid to the related party for these services amounted to \$4,866 and \$15,870, respectively. Amounts due to related parties totaled \$-0- and \$4,370 for the years ended June 30, 2019 and 2018, respectively.

NOTE 8. LEASES

The Big Sky Community Organization entered into an operating lease agreement for office space. The term is 22 months plus a two-year renewal, commencing December 2015. The lease required quarterly payments of \$9,000 during the first term, and \$12,000 during the renewal period. The lease was renewed for an additional period from October 1, 2019 to September 30, 2021 for quarterly payments of \$12,000. Rent expense related to this lease amounted to \$48,000 and \$45,000 for the fiscal years ended June 30, 2019 and 2018, respectively.

As of June 30, 2019, minimum future rental expense on operating leases is as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2020	\$ 48,000
2021	48,000
2022	12,000

BIG SKY COMMUNITY ORGANIZATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

NOTE 9. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets expected to be available to support the Big Sky Community Organization in the fiscal year ending June 30, 2020 consist of the following:

Cash and cash equivalents	\$ 561,328
Accounts receivable	<u>25,983</u>
	587,311
Board designated depreciation reserve and programs	<u>(321,476)</u>
Available for operations	<u>\$ 265,835</u>

None of the financial assets listed are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. Accounts receivable are subject to implied time restrictions, but are expected to be collected within one year.

The Organization tries to maintain a target minimum operating reserve equal to three months of average recurring operating expenses. As of June 30, 2019, the Organization has an operating reserve of 159 days. The \$321,476 of Board designated resources above could be reallocated to operations if warranted. Cash balances are routinely monitored in light of projected cash needs.



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