

Big Sky Community Organization

Big Sky, Montana

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

June 30, 2023 and 2022



K C O E
I S O M

Big Sky Community Organization

TABLE OF CONTENTS

June 30, 2023 and 2022

	<u>Page Number</u>
Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to the Financial Statements	11



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Big Sky Community Organization, a nonprofit organization, (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

KCoe Jam, LLP

November 15, 2023
Butte, Montana

Big Sky Community Organization
STATEMENTS OF FINANCIAL POSITION

June 30	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,918,040	\$ 1,292,886
Accounts receivable	79,847	63,029
Pledges receivable	28,535	38,535
Resort tax receivable	126,831	166,058
Prepaid expenses and other current assets	6,165	33,624
Total Current Assets	2,159,418	1,594,132
Property and Equipment		
Land and improvements	8,841,243	8,820,243
Construction in progress	1,084,302	513,395
Buildings and improvements	17,617,985	16,928,069
Machinery and equipment	953,095	909,583
Subtotals	28,496,625	27,171,290
Accumulated depreciation	(3,145,538)	(1,982,717)
Property and Equipment - Net	25,351,087	25,188,573
Other Assets		
Collection	-	-
Right-of-use asset - finance	6,443	-
Beneficial interest in assets held by Montana Community Foundation	17,366	18,373
Total Other Assets	23,809	18,373
TOTAL ASSETS	\$ 27,534,314	\$ 26,801,078

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

Big Sky Community Organization

STATEMENTS OF FINANCIAL POSITION

(Continued)

June 30	2023	2022
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 217,857	\$ 109,624
Accrued liabilities	81,999	104,965
Retainage payable	75,271	354,506
Security deposit payable	10,000	-
Deferred revenue	197,602	182,372
Current portion of finance lease	1,675	-
Current portion of notes payable	66,930	744,619
Total Current Liabilities	651,334	1,496,086
Long-Term Liabilities		
Finance lease - net of current portion	4,860	-
Notes payable - net of current portion	90,275	157,204
Total Long-Term Liabilities	95,135	157,204
Total Liabilities	746,469	1,653,290
Net Assets		
Without donor restrictions	24,811,614	23,552,428
Without donor restrictions - board-designated	17,366	18,373
Total Net Assets Without Donor Restrictions	24,828,980	23,570,801
With donor restrictions	1,958,865	1,576,987
Total Net Assets	26,787,845	25,147,788
TOTAL LIABILITIES AND NET ASSETS	\$ 27,534,314	\$ 26,801,078

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

Big Sky Community Organization

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023	Without Donor Restriction	With Donor Restriction	Totals
Revenues and Support			
Contributions of cash and other financial assets	\$ 832,772	\$ 1,306,792	\$ 2,139,564
Contributions of nonfinancial assets	14,000	-	14,000
Contribution of Big Sky Skating and Hockey Association assets	433,363	-	433,363
Grant revenue	2,083,904	-	2,083,904
Passholders	885,813	-	885,813
Tuition and fees	290,699	-	290,699
Other revenues	8,027	-	8,027
Net assets released from restriction	924,914	(924,914)	-
Total Revenues and Support	5,473,492	381,878	5,855,370
Expenses			
Program:			
Parks and Trails	1,198,047	-	1,198,047
Community Center	2,429,762	-	2,429,762
Total Program Expenses	3,627,809	-	3,627,809
Fundraising	261,017	-	261,017
General and administrative	326,487	-	326,487
Total Expenses	4,215,313	-	4,215,313
Change in Net Assets	1,258,179	381,878	1,640,057
Net Assets - Beginning of Year	23,570,801	1,576,987	25,147,788
Net Assets - End of Year	\$ 24,828,980	\$ 1,958,865	\$ 26,787,845

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

Big Sky Community Organization

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

(Continued)

Year Ended June 30, 2022	Without Donor Restriction	With Donor Restriction	Totals
Revenues and Support			
Contributions of cash and other financial assets	\$ 477,317	\$ 3,380,621	\$ 3,857,938
Contributions of nonfinancial assets	13,706	-	13,706
Grant revenue	1,417,055	-	1,417,055
Passholders	244,842	-	244,842
Tuition and fees	187,198	-	187,198
Other revenues	75,967	-	75,967
Net assets released from restriction	8,823,512	(8,823,512)	-
Total Revenues and Support	11,239,597	(5,442,891)	5,796,706
Expenses			
Program:			
Youth development	1,086	-	1,086
Parks and trails	993,216	-	993,216
Community enrichment	2,267	-	2,267
Community Center	1,350,560	-	1,350,560
Total Program Expenses	2,347,129	-	2,347,129
Fundraising	116,411	-	116,411
General and administrative	415,593	-	415,593
Total Expenses	2,879,133	-	2,879,133
Change in Net Assets	8,360,464	(5,442,891)	2,917,573
Net Assets - Beginning of Year	15,210,337	7,019,878	22,230,215
Net Assets - End of Year	\$ 23,570,801	\$ 1,576,987	\$ 25,147,788

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

Big Sky Community Organization
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023	Youth Development	Parks and Trails	Community Enrichment	Community Center	Total Program	Fundraising	General and Administrative	Totals
Advertising	\$ -	\$ -	\$ -	\$ 4,867	\$ 4,867	\$ 13,352	\$ -	\$ 18,219
Amortization	-	-	-	-	-	-	1,719	1,719
Bank and credit card fees	-	2,177	-	30,457	32,634	5,787	317	38,738
Depreciation	-	192,519	-	970,302	1,162,821	-	-	1,162,821
Donation	-	2,973	-	1,990	4,963	1,274	-	6,237
Events	-	-	-	-	-	23,650	-	23,650
Fundraiser	-	-	-	-	-	49,587	-	49,587
Insurance	-	52,930	-	57,563	110,493	-	-	110,493
Interest	-	-	-	10,980	10,980	-	208	11,188
Maintenance and repairs	-	127,648	-	91,663	219,311	-	2,439	221,750
Occupancy	-	42,337	-	74,530	116,867	1,365	4,134	122,366
Office	-	11,718	-	66,065	77,783	7,394	8,853	94,030
Other	-	-	-	5,336	5,336	-	102	5,438
Program	-	3,748	-	137,117	140,865	-	3,501	144,366
Professional fees	-	38,873	-	32,190	71,063	70,810	34,792	176,665
Special projects	-	261,461	-	69,845	331,306	23,016	14,531	368,853
Wages and benefits	-	461,663	-	876,857	1,338,520	64,782	255,891	1,659,193
Total Expenses	\$ -	\$ 1,198,047	\$ -	\$ 2,429,762	\$ 3,627,809	\$ 261,017	\$ 326,487	\$ 4,215,313

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

Big Sky Community Organization
STATEMENTS OF FUNCTIONAL EXPENSES
(Continued)

Year Ended June 30, 2022	Youth Development	Parks and Trails	Community Enrichment	Community Center	Total Program	Fundraising	General and Administrative	Totals
Advertising	\$ -	\$ -	\$ -	\$ 2,076	\$ 2,076	\$ -	\$ 1,237	\$ 3,313
Bank and credit card fees	6	2,136	-	60,734	62,876	5,927	12,759	81,562
Depreciation	-	194,441	-	316,389	510,830	-	-	510,830
Donation	-	12,412	-	24	12,436	1,407	166	14,009
Events	-	-	-	-	-	3,349	-	3,349
Fundraiser	-	-	-	-	-	46,874	-	46,874
In-kind	-	-	-	-	-	-	13,706	13,706
Insurance	-	51,334	-	24,703	76,037	-	3,749	79,786
Interest	-	-	-	24,922	24,922	-	1,432	26,354
Maintenance and repairs	-	104,038	-	25,609	129,647	-	53	129,700
Occupancy	-	33,490	400	38,981	72,871	3,620	17,551	94,042
Office	330	5,802	-	52,486	58,618	1,676	24,446	84,740
Other	-	-	-	-	-	-	6,742	6,742
Program	750	13,616	363	52,437	67,166	20	2,283	69,469
Professional fees	-	32,369	1,504	82,625	116,498	14,071	51,754	182,323
Special projects	-	141,219	-	151,745	292,964	-	11,774	304,738
Wages and benefits	-	402,359	-	517,829	920,188	39,467	267,941	1,227,596
Total Expenses	\$ 1,086	\$ 993,216	\$ 2,267	\$ 1,350,560	\$ 2,347,129	\$ 116,411	\$ 415,593	\$ 2,879,133

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

Big Sky Community Organization

STATEMENTS OF CASH FLOWS

Years Ended June 30	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,640,057	\$ 2,917,573
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,162,821	510,830
Amortization of right-of-use asset - finance	1,718	-
Noncash property (Big Sky Skating and Hockey Association)	(423,253)	-
Unrealized gain (loss) on beneficial interest in assets held by Montana Community Foundation	221	1,761
Changes in:		
Accounts receivable	(16,818)	(26,943)
Pledges receivable	10,000	1,434,411
Resort tax receivable	39,227	(115,098)
Prepaid expenses and other current assets	27,459	30,800
Unconditional promise to give	-	16,000
Accounts payable	108,233	(1,350,540)
Accrued liabilities	(22,966)	54,741
Retainage payable	(279,235)	(112,399)
Security deposit payable	10,000	-
Deferred revenue	15,230	76,120
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,272,694	3,437,256
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and construction in progress	(902,082)	(8,657,219)
Change in beneficial interest in assets held by Montana Community Foundation	786	(255)
NET CASH USED IN INVESTING ACTIVITIES	(901,296)	(8,657,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease	(1,626)	-
Proceeds from notes payable	-	2,451,460
Repayment of notes payable	(744,618)	(1,845,221)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(746,244)	606,239
Net Change in Cash and Cash Equivalents	625,154	(4,613,979)
Cash and Cash Equivalents - Beginning of Year	1,292,886	5,906,865
Cash and Cash Equivalents - End of Year	\$ 1,918,040	\$ 1,292,886

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

Big Sky Community Organization

STATEMENTS OF CASH FLOWS

(Continued)

Years Ended June 30	2023		2022	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid for interest	\$	11,188	\$	26,354
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Right-of-use asset obtained in exchange for finance lease liability	\$	8,161	\$	-
Assets transferred from Big Sky Skating and Hockey Association	\$	423,253	\$	-
Equipment acquisitions financed	\$	-	\$	22,454
Refinancing of long-term debt	\$	-	\$	16,313

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

1. ORGANIZATION

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

The Organization's programs include parks, trails and, community center (BASE) activities. The Community Center activities include: volleyball, pickleball, youth basketball, adult basketball, ice programs, softball, fitness and wellness, historic trail ranch, BASEcamp, camp Big Sky, and soccer.

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 nonprofit organizations, as codified by the Financial Accounting Standards Board (FASB). Revenue is recognized when earned and expenses are recognized when incurred.

Implementation of New Accounting Standard In 2023, the Organization adopted FASB Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU required the Organization to recognize on the statement of financial position the asset and liability for the rights and obligations created by leases with a term of more than 12 months. The Organization elected several available practical expedients, including to not reassess the classification of existing leases, any initial direct costs associated with the leases, or whether any existing contracts are or contain leases. The Organization adopted the provisions of the update using a modified retrospective approach for all lease contracts. This ASU had the effect of increasing right-of-use asset, finance, and finance lease liability by \$8,161, effective July 1, 2022.

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. The Organization has bank arrangements that mitigate the balances in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

Accounts Receivable Accounts receivable are stated at face value. Amounts determined to be uncollectible are directly written off. Management has determined bad debt expenses using the direct write off method approximate the allowance method, which is in accordance with GAAP. Differences between the two methods are immaterial. There is no allowance for doubtful accounts at June 30, 2023 and 2022, as management considers all amounts to be collectible.

Big Sky Community Organization
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

Assets are depreciated using the straight-line method with estimated useful lives as follows:

Land improvements	10 - 25 years
Buildings and improvements	10 - 25 years
Machinery and equipment	3 – 5 years

Depreciation expense was \$1,162,821 and \$510,830 for the years ended June 30, 2023 and 2022, respectively.

Financing Lease Right-of-Use Assets and Liabilities The Organization obtains the right to control the use of various assets under long-term agreements. Lease components are recognized on the statement of financial position as right-of-use assets with a corresponding lease liability. The Organization evaluates contracts to determine whether they include a lease, and uses the lessee non-lease component accounting policy election, for all asset classes, to account for the lease and non-lease components as a single lease component.

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.

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 without restriction when it is expected the grants and contracts will be expended in the same year.

Big Sky Community Organization
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- *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 restriction.

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.

Pledges are recorded as receivables and revenue when the pledge is made. 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, 2023 or 2022. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2023 and 2022, the Organization did not have any known conditional promises.

Grant Revenue During the years ended June 30, 2023 and 2022, the Organization recognized grant revenue of \$2,083,904 and \$1,417,055, respectively, including resort tax revenue and grants from state agencies. Applications for the resort tax are reviewed by the Big Sky Resort Area District Board of Trustees, which makes the final decisions on funding each year.

Tuition and Fees The Organization recognizes revenue for tuition and fees for camps in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* utilizing the five-step framework outlined in the guidance. Revenue is recognized at the point-in-time the performance obligation of providing the service is complete. Payments received in advance of providing the service are recorded as deferred revenue.

Passholders The Organization recognizes revenue for community center passes in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* utilizing the five-step framework outlined in the guidance. Revenue is recognized at the point-in-time the performance obligation of providing the service is complete. Payments received in advance of providing the service are recorded as deferred revenue.

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. Contributions of services that meet the requirements for revenue recognition in accordance with GAAP are included as contributions of nonfinancial assets in the statements of activities. See note 11 for further discussion.

Big Sky Community Organization
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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, 2023 and 2022, amounted to \$18,219 and \$3,313, 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 Funding from the Big Sky Resort Area District represents 29% and 17% of the total revenues for the years ended June 30, 2023 and 2022, respectively. This funding also represents 100% of the resort tax receivable as of June 30, 2023 and 2022. A significant change in the funding from the District could impact the financial position of the Organization.

3. CONSTRUCTION IN PROGRESS

Construction in progress consists of the following projects:

June 30		2023		2022
BASE Community Center	\$	229,525	\$	241,615
Maintenance building		811,312		271,780
Community park project		39,009		-
Huff's Trek		4,456		-
Total Construction in Progress	\$	1,084,302	\$	513,395

The Community Center was completed in fiscal year 2023. As of June 30, 2023 and 2022, \$338,733 and \$371,390, respectively, remains committed on construction contracts for this project.

Retainage payable on the construction contracts of \$75,271 and \$354,506 is presented as a liability in the statements of financial position at June 30, 2023 and 2022, respectively, and will be paid upon of satisfactory completion of the contract.

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 \$66,784 and \$70,658 as of June 30, 2023 and 2022, 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, 2023 or 2022. The endowment provides funds to be used at the discretion of the Organization's Board of Directors.

Big Sky Community Organization
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 \$17,366 and \$18,373 as of June 30, 2023 and 2022, respectively, are included in the Organization’s statements 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 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, 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 for the years ended June 30, 2023 and 2022, in accordance with the Organization’s investment policy.

5. NOTES PAYABLE

Notes payable consisted of the following:

June 30	2023	2022
Note payable - KS StateBank - Interest at 5.66% per year; monthly principal and interest payments of \$1,909; secured by real property; matures February 2027.	\$ 75,673	\$ 93,733
Interest at 6.74% per year; monthly principal and interest payments of \$4,321; secured by real property; matures February 2025.	81,532	126,244
Note payable - Stockman Bank - Interest at 4.50% per year; with principal and interest payments; secured by real property; matured December 2022.	-	681,846
Subtotals	157,205	901,823
Less: Current maturities	66,930	744,619
Total Notes Payable	\$ 90,275	\$ 157,204

Aggregate maturities of notes payable are as follows:

Years Ending June 30		
2024	\$	66,930
2025		53,932
2026		21,394
2027		14,949
Total	\$	157,205

Big Sky Community Organization
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

6. 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, 2023 and 2022, there was \$17,366 and \$18,373 in board-designated net assets, respectively.

Net Assets With Donor Restrictions

As of June 30, total net assets with donor restrictions includes the following:

June 30	2023	2022
BASE	\$ 338,733	\$ 343,336
Hough	241,387	195,906
Other programs	422,570	81,570
Land held for public parks and trails	956,175	956,175
Total Net Assets With Donor Restrictions	\$ 1,958,865	\$ 1,576,987

Net assets of \$924,914 and \$8,823,512 were released from restriction upon completion of phases of the projects in 2023 and 2022, respectively.

7. 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. If collection items are removed through sale, the proceeds must be used for the collection at a later date. For the years ended June 30, 2023 and 2022, no items were removed from the collection.

8. FINANCE LEASES

The Company leases a copier under agreements that are classified as finance leases. At June 30, 2023, the leased equipment recorded as a right-of-use asset on the statement of financial position at a cost of \$8,161. Accumulated depreciation of the leased assets at June 30, 2023, was \$1,718. Depreciation of assets under finance leases is included with amortization expense.

Right-of-use asset, financing consisted of the following:

June 30, 2023	
Right-of-use asset - financing	\$ 8,161
Accumulated amortization	(1,718)
Right-of-Use Asset - Financing - Net	\$ 6,443

Big Sky Community Organization
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The aggregate minimum annual lease payments under finance lease arrangements and discount factors used in calculating minimum lease payments on the right-of-use asset, are as follows:

Years Ending June 30	Finance Leases	Total
2024	\$ 1,836	\$ 1,836
2025	1,836	1,836
2026	1,836	1,836
2027	1,378	1,378
Subtotal	6,886	6,886
Less: Amount representing interest	351	351
Present Value of Minimum Lease Payments	6,535	\$ 6,535
Less: Current maturity of lease	1,675	
Leases - Net of Current Maturities	\$ 4,860	
Weighted-average remaining lease term:		
Finance lease	3.75	
Weighted-average discount rate:		
Finance lease	2.88%	

9. CONTINGENCIES

Legal Matters

The Organization is subject to legal matters that arise from time to time in the ordinary course of business. Management currently believes that resolving such matters, individually or in the aggregate, will not have a material adverse effect on the Organization's financial position, results of operations, or cash flows. However, these matters are subject to inherent uncertainties and management's view may change in the future.

10. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

There were no related-party transactions for the years ended June 30, 2023 and 2022. There were no amounts due from or to related parties for the years ended June 30, 2023 and 2022.

Big Sky Community Organization
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. CONTRIBUTED SERVICES AND MATERIALS

Contributed Services

The Organization occasionally receives contributions of in-kind services from professional service providers. The Organization recognizes these in the financial statements as in-kind expenses. For the years ended June 30, 2023 and 2022, the Organization received donated services in the amount of \$14,000 and \$13,706, respectively.

The Organization makes a determination on whether to utilize or monetize any contributed services and materials at the time the contribution is received.

Contributed Assets

Effective September 1, 2022, Big Sky Skating and Hockey Association reorganized and contributed its assets to the Organization for continued operation of the skating rink as part of community center activities. The Organization recognizes these in the financial statements as assets and income. For the year ended June 30, 2023, the Organization received contributed assets of \$423,253, which are included on the statement of financial position in buildings and improvements and machinery. The Organization received donor contributions of \$213,006 and expensed \$10,110 of equipment.

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

Management has identified the following financial assets as of June 30, 2023 and 2022, that are expected to be available to support the Organization in fiscal years 2023 and 2023, respectively:

June 30	2023	2022
Cash and cash equivalents	\$ 1,918,040	\$ 630,738
Accounts receivable	79,847	63,029
Subtotals	1,997,887	693,767
Board allocated program balances	(83,312)	(74,899)
Available for Operations	\$ 1,914,575	\$ 618,868

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, 2023, the Organization had an operating reserve of 80 days. The \$83,312 of Board allocated resources above could be reallocated to operations if warranted. Cash balances are routinely monitored in light of projected cash needs.

Big Sky Community Organization
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

13. RETIREMENT PLAN

The Organization implemented a 403(b) retirement plan (the Plan) in 2023. The Plan covers all employees who meet statutory requirements. Participants may make contributions through pre-tax salary deferrals on a percentage basis, up to annual Internal Revenue Service contribution limits. The Organization makes matching contributions of 3% of participating employees' compensation. During 2023, the Organization contributed \$13,163 to the Plan.