

BIG CITY MOUNTAINEERS, INC.

Financial Statements

December 31, 2016

(Together with Independent Auditors' Report)



BIG CITY MOUNTAINEERS, INC.
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big City Mountaineers, Inc.
Golden, Colorado

We have audited the accompanying financial statements of Big City Mountaineers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

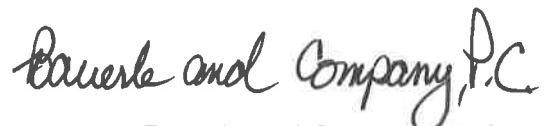
Board of Directors
Big City Mountaineers, Inc.
Golden, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big City Mountaineers, Inc., as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Big City Mountaineers, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bauerle and Company, P.C.
Denver, Colorado

April 28, 2017

BIG CITY MOUNTAINEERS, INC.

Statement of Financial Position December 31, 2016 (With Summarized Totals for December 31, 2015)

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 117,717	\$ 221,357
Investments	54,447	1,422
Contributions and grants receivable	87,326	50,300
Prepaid expenses and other assets	13,580	12,732
Inventory	263,150	245,557
Property and equipment, net	216,882	220,399
Endowment assets	98,147	93,892
Total Assets	<u>\$ 851,249</u>	<u>\$ 845,659</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and other liabilities	\$ 17,234	\$ 34,395
Deferred rent	4,392	2,928
Deferred revenue	-	875
Total Liabilities	<u>21,626</u>	<u>38,198</u>
Net Assets		
Unrestricted		
Undesignated	237,798	308,401
Equity in property and equipment, net	216,882	220,399
	<u>454,680</u>	<u>528,800</u>
Temporarily Restricted	274,943	178,661
Permanently Restricted	100,000	100,000
Total Net Assets	<u>829,623</u>	<u>807,461</u>
Total Liabilities and Net Assets	<u>\$ 851,249</u>	<u>\$ 845,659</u>

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

BIG CITY MOUNTAINEERS, INC.

Statement of Activities Year Ended December 31, 2016 (With Summarized Totals for the Year Ended December 31, 2015)

	2016			2015	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	<u>Totals</u>
Support and Revenue					
Contributions and grants	\$ 553,400	\$ 142,326	\$ -	\$ 695,726	\$ 636,750
Program income	38,380	-	-	38,380	24,287
In-kind contributions	72,066	-	-	72,066	397,612
Investment income (loss)	178	7,280	-	7,458	(2,129)
	<u>664,024</u>	<u>149,606</u>	<u>-</u>	<u>813,630</u>	<u>1,056,520</u>
Summit for Someone and other events					
Contributions	177,918	-	-	177,918	395,859
In-kind contributions	137,237	-	-	137,237	223,387
Less: Climber and other expenses	(289,596)	-	-	(289,596)	(471,171)
	<u>25,559</u>	<u>-</u>	<u>-</u>	<u>25,559</u>	<u>148,075</u>
Net assets released from restrictions	<u>53,324</u>	<u>(53,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>742,907</u>	<u>96,282</u>	<u>-</u>	<u>839,189</u>	<u>1,204,595</u>
Expenses					
Program Services	<u>587,699</u>	<u>-</u>	<u>-</u>	<u>587,699</u>	<u>524,854</u>
Supporting Services:					
General and administrative	77,404	-	-	77,404	92,511
Fundraising	151,924	-	-	151,924	140,810
Total Supporting Services	<u>229,328</u>	<u>-</u>	<u>-</u>	<u>229,328</u>	<u>233,321</u>
Total Expenses	<u>817,027</u>	<u>-</u>	<u>-</u>	<u>817,027</u>	<u>758,175</u>
Change in Net Assets	(74,120)	96,282	-	22,162	446,420
NET ASSETS, Beginning of Year	<u>528,800</u>	<u>178,661</u>	<u>100,000</u>	<u>807,461</u>	<u>361,041</u>
NET ASSETS, End of Year	<u>\$ 454,680</u>	<u>\$ 274,943</u>	<u>\$ 100,000</u>	<u>\$ 829,623</u>	<u>\$ 807,461</u>

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

BIG CITY MOUNTAINEERS, INC.

**Statement of Functional Expenses
Year Ended December 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)**

	Program Services	Supporting Services		Total	Year Ended December 31, 2016	Year Ended December 31, 2015
		General and Administrative	Fund- Raising			
Salaries and benefits	\$ 371,991	\$ 33,187	\$ 77,983	\$ 111,170	\$ 483,161	\$ 393,802
Program expenses	146,472	-	-	-	146,472	118,487
Professional fees	-	10,419	13,197	23,616	23,616	84,522
Office expenses	32,387	17,308	8,125	25,433	57,820	61,535
Occupancy	25,333	14,190	14,190	28,380	53,713	53,890
Travel and entertainment	5,279	1,436	23,646	25,082	30,361	22,237
Depreciation expense	6,011	864	-	864	6,875	16,281
Promotion and advertising	226	-	14,783	14,783	15,009	4,649
Other expense - in-kind	-	-	-	-	-	2,772
Total	\$ 587,699	\$ 77,404	\$ 151,924	\$ 229,328	\$ 817,027	\$ 758,175

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

BIG CITY MOUNTAINEERS, INC.

Statement of Cash Flows Year Ended December 31, 2016 (With Summarized Totals for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 22,162	\$ 446,420
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,875	16,281
Loss on disposal of furniture and equipment	-	896
Investment (income) loss	(7,280)	2,129
Donated land and building	-	(198,000)
(Increase) decrease in:		
Contributions and grants receivable	(37,026)	(17,355)
Prepaid expenses and other assets	(848)	18,001
Inventory	(17,593)	(58,235)
Increase (decrease) in:		
Accounts payable and other liabilities	(17,161)	(45,622)
Deferred revenue	589	877
	(50,282)	165,392
Net Cash Provided by (Used in) Operating Activities		
Cash Flows From Investing Activities		
Purchases of property and equipment	(3,358)	(17,598)
Purchase of investments	(50,000)	-
	(53,358)	(17,598)
Net Cash Provided by (Used in) Investing Activities		
Cash Flows From Financing Activities		
Payments on lines of credit	-	(24,977)
	-	(24,977)
Net Cash Provided by (Used in) Financing Activities		
Net (Decrease) Increase in Cash and Cash Equivalents	(103,640)	122,817
CASH AND CASH EQUIVALENTS, beginning of year	221,357	98,540
CASH AND CASH EQUIVALENTS, end of year	\$ 117,717	\$ 221,357
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ -	\$ 233

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

1. Organization and Summary of Significant Accounting Policies

Organization

Big City Mountaineers, Inc. (BCM) is a nonprofit organization incorporated in the State of Florida and operating in Colorado, Washington, Oregon, California, Minnesota, Wisconsin, Massachusetts and Florida. BCM's programs include the following:

Weeklong Expeditions:

BCM's core program is a weeklong wilderness mentoring expedition that instills critical life skills in under-resourced teens. To ensure our participants receive the maximum support needed to achieve personal goals and gain the most they can from a wilderness experience, BCM has a one-to-one ratio of adult mentors to teens. Among the benefits of BCM's program is adult mentors come from diverse backgrounds representing a wide range of life experiences. Our adult role models help teens become better equipped to make critical career, educational and healthy lifestyle decisions. The weeklong expeditions:

- Provide wilderness mentoring opportunities to under-resourced youth ages 13 to 18
- Cultivate relationships between youth and caring adult mentors
- Offer a unique 1-to-1 ratio of adults to youth
- Improve teen self-awareness and personal responsibility
- Promote group development and effective communication
- Partner with existing youth development agencies to better address the ongoing needs of under-resourced youth
- Deliver safe wilderness expeditions led by professional field instructors

Youth we serve:

- 44% are from single parent or guardian-led households
- 82% qualify for free/reduced lunch
- 15% have experienced gang activity in their neighborhood
- 12% have experienced homelessness
- 47% are Hispanic/Latino(a), 18% African American, 20% Caucasian, 8% Mixed Race/Other, 5% Asian American/Pacific Islander

Single Day Programs:

Single-day outings are outdoor activities in local parks, including hiking, canoeing and indoor rock climbing. Single-day outings are used both before and after weeklong expeditions to begin and continue relationships between youth and adult mentors.

Overnight Programs (Colorado Only):

Through 24-hour camping experiences, BCM Overnight Camps provide youth, ages 8 to 12, with a safe and supportive environment to develop an increased sense of self, understanding of their place in the natural world, a passion for lifelong learning, and awareness of healthy lifestyles. Activities emphasize team-building and outdoor education to teach citizenship and teamwork. These activities allow campers to learn critical life skills, using the outdoors as a unique context for these lessons.

1. Organization and Summary of Significant Accounting Policies (continued)

Peer Leadership Program:

The Peer Leadership program provides an opportunity for BCM alumni to assist adult mentors in the field on our weeklong wilderness mentoring programs. This provides our alumni with an opportunity to gain leadership and facilitation training in the field, and helps alumni to assume increasing responsibility in our programs.

Summit for Someone:

Summit for Someone (SFS) is a BCM fundraising program, which allows individuals to summit iconic peaks in North America or create their own custom challenge in the outdoors. In experiencing their own goals and accomplishments in the wilderness, individuals raise funds for BCM. A portion of the funds are used to pay for the climber's expenses related to their climbing expedition. The direct climber expenses and the in-kind expenses related to the SFS program have been netted against the related support and revenue on the Statement of Activities.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying financial statements include a statement of financial position that presents the amounts for each of the three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions and a statement of activities that reflects the changes in those categories of net assets.

Unrestricted Net Assets – Accounts for all unrestricted resources over which the Board of Directors has discretionary control to use in carrying on the operations of BCM in accordance with the limitations of its charter and bylaws. The principal sources of unrestricted resources are contributions and grants and investment income. Decreases in unrestricted resources generally result from expenses incurred for program and supporting services conducted by BCM.

Temporarily Restricted Net Assets – Accounts for those resources currently available for use, but expendable only for operating purposes specified by the donor or grantor. Items which increase this net asset category are contributions and grants or other similar sources for which donor-imposed restrictions have not been met.

Permanently Restricted Net Assets - Accounts for those resources subject to donor-imposed restrictions stipulating that the corpus be held in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets.

1. Organization and Summary of Significant Accounting Policies (continued)

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 reported amounts of 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.

Functional Allocation of Expenses

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

Income Taxes

BCM is a nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, contributions to BCM qualify for the charitable contribution deduction under Section 170(b)(1)(A) and BCM has been classified as an organization that is not a private foundation under Section 509(a)(2).

BCM follows *Accounting for Uncertainty in Income Taxes*, which requires BCM to determine whether a tax position (and related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2016, BCM's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

Concentration of Credit Risk

BCM maintains a bank account at one institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2016, BCM's cash deposits did not exceed the FDIC insurance limit.

BCM receives substantially all of its revenues from public support. A significant reduction in the level of such support, if it were to occur, may have an adverse effect on BCM's programs and activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, BCM considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude permanently restricted cash and cash equivalents.

1. Organization and Summary of Significant Accounting Policies (continued)

Investments and Endowment Assets

Investments and endowment assets consist of bonds and mutual funds. The funds are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Realized and unrealized gains and losses are included as unrestricted revenue in the Statement of Activities, unless restricted by the donor. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

Contributions and Grants Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances.

Allowance for Uncollectible Contributions and Grants Receivable

BCM uses the allowance method to record uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific contributions and grants made. Management has determined that all contributions and grants are collectible as of December 31, 2016.

Inventory

Inventory consists of items such as clothing, camping supplies, food items, and other materials that have been purchased by or donated to BCM. Purchased inventory is recorded at the lower of cost or fair market value. Donated inventory is recorded at the fair market value, discounted if large quantities are received, on the date of donation.

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, 30 years for property and 3 to 7 years for equipment and furniture. All assets with a useful life of more than 1 year and a cost of more than \$1,000 are capitalized.

Deferred Revenue

Deferred revenue represents agency fees collected before the end of the year for the following year.

Promotion and Advertising

Promotion and advertising costs totaled \$15,009 for the year ended December 31, 2016. Promotion and advertising costs are expensed as incurred.

1. Organization and Summary of Significant Accounting Policies (continued)

Recognition of Revenues and Support

Unconditional promises to give cash and other assets to BCM are reported at fair value at the date the promise is received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted gift and grant support is reflected as revenue in the year of receipt.

Revenues and support that are restricted by the donor, grantor, or other outside party for particular operating purposes are reported as temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions for support of future operations and fundraising activities are recorded as temporarily restricted support in the year the contribution is made.

Reclassification

Certain amounts in the 2015 financial statements have been reclassified, where appropriate, to conform to the presentation used in the 2016 financial statements. These reclassifications had no effect on the change in net assets previously reported.

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Subsequent Events

In accordance with the *Subsequent Events* Topic of FASB ASC, management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. BCM's financial statements were available to be issued on April 28, 2017, and this is the date through which subsequent events were evaluated.

2. Property and Equipment

Property and equipment consist of the following at December 31, 2016:

<u>Description</u>	<u>Amount</u>
Land	\$ 104,024
Buildings	111,664
Computer equipment and software	39,662
Program equipment	24,069
Furniture and equipment	<u>5,347</u>
	284,766
Less accumulated depreciation	<u>(67,884)</u>
Net Property and Equipment	<u>\$ 216,882</u>

BIG CITY MOUNTAINEERS, INC.
Notes to Financial Statements
December 31, 2016

2. Property and Equipment (continued)

In May 2015, certain real property (land and a building located in Minnesota) were donated to BCM. The land and building are valued at appraised value. The property is subject to a conservation easement granted to the Minnesota Land Trust in October 2006. The property is also subject to restrictions on future sale. BCM has agreed to provide all net proceeds of the sale of the property to the donor if the property is sold within five years of closing.

3. Investments and Endowment Assets

At December 31, 2016, investments and endowment assets were comprised of the following:

<u>Description</u>	<u>Amount</u>
Equity funds	\$ 114,749
Fixed income funds	<u>37,845</u>
Total Investments	<u>\$ 152,594</u>
 <u>Per Statement of Financial Position</u>	
Endowment investments	\$ 98,147
Investments	<u>54,447</u>
Total Investments	<u>\$ 152,594</u>

Investment and interest income (loss) consists of the following for the year ended December 31, 2016:

Interest and dividends	\$ 5,037
Realized and unrealized gains (losses) on investments, net	4,065
Management fees	<u>(1,644)</u>
Total Investment Income (Loss)	<u>\$ 7,458</u>

4. Lines of Credit

In November, 2015, BCM executed an unsecured Revolving Loan and Credit Agreement with a board member (Lender). The Lender agreed to loan up to \$75,000 to BCM on an as needed basis. Any outstanding principal and interest (at 6%) is due on December 31, 2017. On July 1, 2016, the loan and credit agreement was terminated. BCM did not utilize this line during the year ended December 31, 2016.

On August 19, 2016, BCM obtained a line of credit with a financial institution for borrowings of up to \$100,000 at an interest rate of 3.5%. The line of credit is due on August 19, 2017. As of December 31, 2016, there was no outstanding balance on the line of credit. The line of credit is secured by the land and building located in Minnesota (Note 2).

BIG CITY MOUNTAINEERS, INC.
Notes to Financial Statements
December 31, 2016

5. Endowment

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. BCM's Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor restricted endowment funds absent explicit donor stipulations to the contrary. As a consequence, BCM classifies as permanently restricted net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by BCM in a manner consistent with the standard of prudence prescribed by UPMIFA.

Changes in the endowment fund balance for the year ended December 31, 2016, were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance – December 31, 2015	\$ (6,108)	\$ -	\$ 100,000	\$ 93,892
Investment income, net	-	4,255	-	4,255
Appropriation of endowment assets for expenditures	<u>4,255</u>	<u>(4,255)</u>	<u>-</u>	<u>-</u>
Balance – December 31, 2016	<u>\$ (1,853)</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 98,147</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with Generally Accepted Accounting Principles, deficiencies of this nature are reported in unrestricted net assets. As of December 31, 2016, such deficiencies amounted to \$1,853.

BIG CITY MOUNTAINEERS, INC.
Notes to Financial Statements
December 31, 2016

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2016:

	<u>Amount</u>
Capital additions	\$ 107,617
Program expansion	80,000
Contributions and grants receivable	<u>87,326</u>
Total Temporarily Restricted Net Assets	<u>\$ 274,943</u>

Assets restricted for capital additions consist of the following at December 31, 2016:

	<u>Amount</u>
Cash	\$ 117,717
Investments	<u>54,447</u>
	172,164
Less restricted net assets for capital additions	<u>(107,617)</u>
Cash and Investments Available for Operations	<u>\$ 64,547</u>

7. In-Kind Contributions

BCM receives donations of clothing, camping gear, food items, and other materials for use in its programs. Such gifts are recorded at their estimated fair value, discounted for large quantities received, at the date of donation. Donated materials and services are reflected in the statement of activities as unrestricted contributions unless restricted by the donor for a specific purpose. Amounts used during the year are included in Program Services expense in the Statement of Activities or in the Summit for Someone expense. Amounts remaining at year end are included in inventory on the Statement of Financial Position or are included in property and equipment and depreciated over the asset's estimated useful life.

Donated materials and services consist of the following for the year ended December 31, 2016:

<u>Description</u>	<u>Amount</u>
Advertising	\$ 116,265
Services and rents	3,640
Gear and equipment	<u>89,398</u>
	209,303
Less: SFS Gifts-in-kind	<u>(137,237)</u>
Net In-Kind Contributions	<u>\$ 72,066</u>

No amounts have been reflected in the statements for donated volunteer services because the criteria for recognition under generally accepted accounting principles have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time to develop BCM's programs and fundraising events.

8. Operating Lease

BCM leases its Golden office facility under an operating lease expiring on August 31, 2018. In accordance with generally accepted accounting principles, BCM is recognizing rent expense on a straight-line basis over the term of the lease. As a result of the difference between the calculated straight-line lease expense and cash payments made under the agreement, BCM has recorded rent payable of \$4,392 at December 31, 2016.

Future minimum lease payments under the operating lease with terms in excess of one year as of December 31, 2016, are

Year Ending December 31:	<u>Amount</u>
2017	\$ 58,200
2018	<u>40,800</u>
Total	<u>\$ 99,000</u>

Rent expense totaled \$56,900 for the year ended December 31, 2016.