

**BIG CITY MOUNTAINEERS, INC.**

**Financial Statements**

**December 31, 2018**

(Together with Independent Auditors' Report)



**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants

**BIG CITY MOUNTAINEERS, INC.**  
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## **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, 2018, 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; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big City Mountaineers, Inc., as of December 31, 2018, 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.

## **Report on Summarized Comparative Information**

We have previously audited Big City Mountaineers, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP  
Denver, Colorado

May 21, 2019

# BIG CITY MOUNTAINEERS, INC.

## Statements of Financial Position December 31, 2018 (With Summarized Totals for December 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 466,939	\$ 313,540
Short-term investments	19,434	9,941
Contributions and grants receivable	190,444	176,692
Prepaid expenses and other	4,970	3,170
Inventory	309,281	267,636
Property and equipment, net	115,984	119,225
Investments - Endowment	92,004	103,091
	<hr/>	<hr/>
Total Assets	<u>\$ 1,199,056</u>	<u>\$ 993,295</u>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 9,845	\$ 10,435
Accrued payroll liabilities	56,559	39,606
	<hr/>	<hr/>
Total Liabilities	66,404	50,041
 Net Assets		
Net assets without donor restrictions:		
Undesignated	596,607	394,076
Investment in property and equipment	115,984	119,225
	<hr/>	<hr/>
	712,591	513,301
Net assets with donor restrictions	420,061	429,953
	<hr/>	<hr/>
Total Net Assets	1,132,652	943,254
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,199,056</u>	<u>\$ 993,295</u>

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

# BIG CITY MOUNTAINEERS, INC.

## Statements of Activities Year Ended December 31, 2018 (With Summarized Totals for the Year Ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<b>Support and Revenue</b>				
Contributions and grants	\$ 727,366	\$ 228,665	\$ 956,031	\$ 784,695
Government grants	22,142	-	22,142	-
Program and other income	26,420	-	26,420	25,388
In-kind contributions	338,963	-	338,963	397,362
Investment income (loss)	(435)	(11,087)	(11,522)	22,645
Insurance gain from casualty loss	-	-	-	77,287
Net assets released from restrictions	227,470	(227,470)	-	-
	1,341,926	(9,892)	1,332,034	1,307,377
 Summit for Someone and other events				
Contributions	242,441	-	242,441	266,110
In-kind contributions	172,245	-	172,245	177,434
Less: Climber and other expenses	(356,819)	-	(356,819)	(332,911)
	57,867	-	57,867	110,633
 Total Support and Revenue	1,399,793	(9,892)	1,389,901	1,418,010
 <b>Expenses</b>				
Program Services	992,821	-	992,821	1,080,144
Supporting Services:				
General and administrative	79,058	-	79,058	91,928
Fundraising	128,624	-	128,624	132,307
Total Supporting Services	207,682	-	207,682	224,235
 Total Expenses	1,200,503	-	1,200,503	1,304,379
 <b>Change in Net Assets</b>	199,290	(9,892)	189,398	113,631
 NET ASSETS, Beginning of Year	513,301	429,953	943,254	829,623
 NET ASSETS, End of Year	\$ 712,591	\$ 420,061	\$ 1,132,652	\$ 943,254

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

**BIG CITY MOUNTAINEERS, INC.**

**Statements of Functional Expenses  
Year Ended December 31, 2018  
(With Summarized Totals for the Year Ended December 31, 2017)**

	Program Services	Supporting Services			Year Ended December 31, 2018	Year Ended December 31, 2017
		General and Administrative	Fund- Raising	Total		
Salaries and benefits	\$ 513,591	\$ 17,899	\$ 51,615	\$ 69,514	\$ 583,105	\$ 579,984
Promotion and advertising	146,718	12,148	31,787	43,935	190,653	111,884
Program expenses	130,517	-	-	-	130,517	234,438
Professional fees	78,049	27,950	21,941	49,891	127,940	197,767
Office expenses	39,720	16,135	17,677	33,812	73,532	61,558
Occupancy	58,458	3,326	2,969	6,295	64,753	80,370
Travel and entertainment	24,336	1,386	2,635	4,021	28,357	33,681
Depreciation	1,432	214	-	214	1,646	4,697
<b>Total Expenses by Function</b>	<b>992,821</b>	<b>79,058</b>	<b>128,624</b>	<b>207,682</b>	<b>1,200,503</b>	<b>1,304,379</b>
Expenses included with revenues on the statements of activities Climber and other expenses	356,819	-	-	-	356,819	332,911
<b>Total Expenses</b>	<b>\$ 1,349,640</b>	<b>\$ 79,058</b>	<b>\$ 128,624</b>	<b>\$ 207,682</b>	<b>\$ 1,557,322</b>	<b>\$ 1,637,290</b>

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

# BIG CITY MOUNTAINEERS, INC.

## Statements of Cash Flows Year Ended December 31, 2018 (With Summarized Totals for the Year Ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 189,398	\$ 113,631
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,646	4,697
Insurance gain from casualty loss	-	(77,287)
Loss on disposal of property and equipment	1,595	-
Investment (income) loss	11,522	(22,645)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(13,752)	(89,366)
Prepaid expenses and other	(1,800)	10,410
Inventory	(41,645)	(4,486)
Accounts payable	(590)	3,786
Accrued payroll liabilities	16,953	24,629
	<u>163,327</u>	<u>(36,631)</u>
Net Cash Provided by (Used in) Operating Activities		
<b>Cash Flows From Investing Activities</b>		
Proceeds from insurance gain from casualty loss	-	170,247
Proceeds from sale of investments	72	62,207
Purchase of investments	(10,000)	-
	<u>(9,928)</u>	<u>232,454</u>
Net Cash Provided by (Used in) Investing Activities		
Change in Cash and Cash Equivalents	153,399	195,823
CASH AND CASH EQUIVALENTS, beginning of year	<u>313,540</u>	<u>117,717</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 466,939</u>	<u>\$ 313,540</u>

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. Headquartered in Golden, Colorado, BCM operates and serves youth in Colorado, Washington, Oregon, California, Minnesota, Wisconsin, Massachusetts and Florida. BCM offers youth the following:

#### **Weeklong Expeditions:**

BCM's core program is a weeklong wilderness mentoring expedition that instills critical life skills in under-resourced youth. BCM has a one-to-one ratio of adult mentors to teens, which helps teens reach their full potential and benefit from the wilderness experience. Our adult mentors come from diverse backgrounds and have a wide range of life experiences. These mentors, as role models, help youth 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 1-to-1, adult-to-youth ratio crucial to effective youth mentorship
- Improve self-esteem, sense of responsibility, group communication and decision making skills in the youth we serve
- Partner with youth development agencies to better address the ongoing needs of under-resourced youth
- Deliver safe wilderness expeditions led by professional field instructors

#### **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 foster relationships between youth and adult mentors.

#### **Overnight Programs:**

Through 24-hour camping experiences, BCM Overnight Camps provide youth, ages 8 to 12, with a safe and supportive environment to develop a sense of self, understanding of their place in the natural world, a passion for lifelong learning, awareness of healthy lifestyles, and respect for the great outdoors. Activities at BCM Overnight Camp 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.

#### **Youth served in 2018:**

- 31% are from single parent or guardian-led households
- 67% qualify for free/reduced lunch
- 14% have experienced violence at school
- 10% have experienced gang activity
- 37% are Hispanic/Latino(a), 20% African American, 22% Caucasian, 2% are Native American, 5% Asian American/Pacific Islander, and 14% are Middle Eastern/North African/Other

## **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 BCM 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. SFS allows individuals to summit iconic peaks in North America or create their own custom challenge in the outdoors. Individuals raise funds for BCM while participating in their climb or custom challenge. A portion of the funds may be used to pay for participants expenses in an SFS climb. Direct climber expenses and any in-kind expenses related to the SFS program have been netted against the related support and revenue on the Statements of Activities.

### ***Basis of Presentation***

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

### ***Net Assets***

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of BCM and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

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

### ***Functional Allocation of Expenses***

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based upon estimations of time and effort. Indirect costs such as occupancy and office related expenses are allocated based upon time spent, utilization, and square footage.

### ***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 applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2018 and 2017.

### ***Concentration of Credit Risk***

BCM maintains two bank accounts at one institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The funds in these accounts may, at times, exceed the amounts insured by the FDIC.

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 statements 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.

### ***Investments***

BCM carries investments in marketable securities with readily determinable fair values at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the Statements of Activities.

### ***Contributions and Grants Receivable***

Contributions and grants receivable are unconditional promises to give in future periods. BCM uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Management has determined that all amounts are collectible as of December 31, 2018 and 2017.

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

***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 realizable 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.

***Revenue Recognition***

Contributions are recognized when the donor makes a promise to give BCM that is, in substance, unconditional. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. BCM's policy is to record contributions whose restrictions are met in the same reporting period as contributions received without donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding source. Revenue is recognized in the accounting period when the related allowable expenses are incurred.

B. Grant Awards that are Exchange Transactions

Revenue on exchange transactions is recognized as income based on performance of a service. Amounts received on exchange transactions that has not been earned is reported as unearned income.

***Promotion and Advertising***

Promotion and advertising costs totaled \$241,079 and \$111,884, for the years ended December 31, 2018 and 2017, respectively. Promotion and advertising costs are expensed as incurred.

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

### ***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 BCM's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

### ***Change in Accounting Principle***

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958). This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance in this ASU is effective for the year ended December 31, 2018 and was applied retrospectively to these comparative financial statements with the exception of certain omissions permitted by the ASU.

### ***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 May 21, 2019, and this is the date through which subsequent events were evaluated.

### ***New Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605 Revenue Recognition, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using either a full or modified retrospective method. ASU No. 2014-09 is effective for nonpublic companies for fiscal years beginning after December 15, 2018. Management is currently evaluating the potential impact of the provisions of ASC 606 on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. Management is currently evaluating the potential impact of this ASU on its financial statements.

**BIG CITY MOUNTAINEERS, INC.**  
**Notes to Financial Statements**  
December 31, 2018 and 2017

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**2. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of December 31, 2018:

Cash and cash equivalents	\$ 466,939
Short-term Investments	19,434
Contributions and grants receivable	<u>190,444</u>
Total financial assets	<u>676,817</u>
Less:	
Restricted contributions included in cash and cash equivalents	(137,613)
Contributions and grants receivable restricted for specific purposes	<u>(68,000)</u>
	<u>(205,613)</u>
Total financial assets available for general expenditure	<u>\$ 471,204</u>

BCM does not have a formal liquidity policy. According to the investment policy, cash is to be employed productively by investing in short-term equivalents to provide for liquidity and to optimize returns within the constraints defined in the policy.

BCM also has two lines of credit available for cash flow needs up to \$96,500 as further described in Note 5.

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**3. Property and Equipment**

Property and equipment consist of the following at December 31, 2018 and 2017:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Land	\$ 104,024	\$ 104,024
Buildings	11,166	11,166
Program equipment	24,069	24,069
Furniture and equipment	<u>2,500</u>	<u>5,347</u>
	141,759	144,606
Less accumulated depreciation	<u>(25,775)</u>	<u>(25,381)</u>
Net Property and Equipment	<u>\$ 115,984</u>	<u>\$ 119,225</u>

In May 2015, certain real property (land and a building located in Minnesota) were donated to BCM. The land and building were 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.

In June 2017, the building located on the Minnesota property was destroyed by fire. The net book value of the building was \$92,960 at the time of the loss. BCM received insurance proceeds in the amount of \$170,247, and recorded a gain in the amount of \$77,287, on the building.

**BIG CITY MOUNTAINEERS, INC.**  
**Notes to Financial Statements**  
December 31, 2018 and 2017

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**4. Investments**

At December 31, 2018 and 2017, investments were comprised of the following:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Large Blend Equity Funds	\$ 97,775	\$ 106,203
Fixed income funds	<u>13,663</u>	<u>6,829</u>
Total Investments	<u>\$ 111,438</u>	<u>\$ 113,032</u>
<u>Per Statements of Financial Position</u>		
Investments – Endowment	\$ 92,004	\$ 103,091
Short-term investments	<u>19,434</u>	<u>9,941</u>
Total Investments	<u>\$ 111,438</u>	<u>\$ 113,032</u>

Investment income (loss) consists of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 1,554	\$ 7,138
Realized and unrealized gains (losses) on investments, net	(11,647)	17,467
Management fees	<u>(1,429)</u>	<u>(1,960)</u>
Total Investment Income (Loss)	<u>\$ (11,522)</u>	<u>\$ 22,645</u>

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**5. Line of Credit**

On July 26, 2018, BCM obtained a line of credit with a financial institution for borrowings of up to \$71,500 at an interest rate equal to the prime rate plus 1.25% (6.75% as of December 31, 2018). The line of credit matures on July 26, 2019. As of December 31, 2018, there was no outstanding balance on the line of credit. The line of credit is secured by a 1<sup>st</sup> Mortgage on real property located in Minnesota (Note 3).

On August 10, 2018, BCM obtained an unsecured line of credit with a financial institution for borrowings of up to \$25,000 at an interest rate equal to the prime rate plus 3% (8.0% as of December 31, 2018). The line of credit matures on August 25, 2020. As of December 31, 2018, there was no outstanding balance on the line of credit.

**6. 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, and (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.

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the fund
- (2) The purpose of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other Organization resources
- (7) The investment policies of the Organization

Changes in the endowment net assets were as follows:

Balance – December 31, 2016	\$ 98,147
Investment income, net	19,614
Appropriation of endowment assets for expenditures	<u>(14,670)</u>
Balance – December 31, 2017	103,091
Investment loss, net	<u>(11,087)</u>
Balance – December 31, 2018	<u>\$ 92,004</u>

*Funds with Deficiencies*

From time to time, the endowment fund may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2018, funds with original gift values of \$100,000, fair values of \$92,004, and a deficiency of \$7,996 were reported in net assets with donor restrictions. This deficiency amount was recovered early in 2019 due to favorable market fluctuations.



**BIG CITY MOUNTAINEERS, INC.**  
**Notes to Financial Statements**  
December 31, 2018 and 2017

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**7. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following:

<u>As of December 31,</u>	<u>2018</u>	<u>2017</u>
<u>Subject to expenditure for specified purpose:</u>		
Capital additions	\$ 117,613	\$ 116,170
Program expansion	20,000	34,000
<u>Subject to the passage of time:</u>		
Grants and contribution receivable	190,444	176,692
<u>Endowment:</u>		
Endowment	100,000	100,000
Accumulated earnings on the endowment	-	3,091
Underwater endowments	<u>(7,996)</u>	<u>-</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 420,061</u>	 <u>\$ 429,953</u>

Cash and short-term investments available for operations is computed as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Cash	\$ 466,939	\$ 313,540
Short-term investments	<u>19,434</u>	<u>9,941</u>
	486,373	323,481
Less restricted for capital additions	<u>(117,613)</u>	<u>(116,170)</u>
 Available for Operations	 <u>\$ 368,760</u>	 <u>\$ 207,311</u>

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**8. 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 statements 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 Statements of Activities or in the Summit for Someone expense. Amounts remaining at year end are included in inventory on the Statements of Financial Position or are included in property and equipment and depreciated over the asset's estimated useful life.

**BIG CITY MOUNTAINEERS, INC.**  
**Notes to Financial Statements**  
December 31, 2018 and 2017

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**8. In-Kind Contributions (continued)**

Donated materials and services consist of the following for the years ended December 31, 2018 and 2017:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Advertising	\$ 232,081	\$ 173,501
Gear and equipment	184,723	217,456
Professional Services and rents	90,299	28,837
Office expenses	4,105	-
Website redesign and development services	<u>-</u>	<u>155,002</u>
	511,208	574,796
Less: SFS Gifts-in-kind	<u>(172,245)</u>	<u>(177,434)</u>
Net In-Kind Contributions	<u>\$ 338,963</u>	<u>\$ 397,362</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.

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**9. Operating Lease**

BCM leases its Golden, Colorado office facility under an operating lease expiring on August 31, 2021.

Future minimum lease payments under all operating lease with terms in excess of one year as of December 31, 2018, are

<u>Year Ending December 31:</u>	<u>Amount</u>
2019	\$ 65,600
2020	69,300
2021	<u>47,800</u>
	<u>\$ 182,700</u>

Rent expense totaled \$59,385 and \$56,760 for the years ended December 31, 2018 and 2017, respectively.

## **10. Retirement Plan**

BCM has established an employee benefit plan under Section 401(k) of the Internal Revenue Service (the Plan). The Plan covers all employees aged twenty-one or older who have attained three months of service. Employees may elect to defer a portion of their compensation, subject to certain limits, as allowed under the Internal Revenue Code. The Plan is completely employee funded. BCM has elected to not make any employer contributions to the Plan.

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## **11. Fair Value Measurements**

BCM has adopted the *Fair Value Measurements and Disclosures* Topic of FASB ASC, which among other things, requires enhanced disclosures about investments that are reported at fair value. The standard establishes a hierarchal framework that prioritizes the inputs used in measuring assets and liabilities at fair value.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs that are unobservable and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Fair value based on quoted price in an active market.

The carrying amount reported in the Statements of Financial Position for cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

**BIG CITY MOUNTAINEERS, INC.**  
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**11. Fair Value Measurements (continued)**

Information regarding the assets measured at fair value on a recurring basis is as follows:

As of December 31, 2018:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>Mutual Funds:</i>				
Large blend equity funds	\$ 97,775	\$ -	\$ -	\$ 97,775
Fixed income funds	<u>13,663</u>	<u>-</u>	<u>-</u>	<u>13,663</u>
	<u>\$ 111,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,438</u>

As of December 31, 2017:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>Mutual Funds:</i>				
Large blend equity funds	\$ 106,203	\$ -	\$ -	\$ 106,203
Fixed income funds	<u>6,829</u>	<u>-</u>	<u>-</u>	<u>6,829</u>
	<u>\$ 113,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,032</u>