

THE STATION FOUNDATION

FINANCIAL REPORT

December 31, 2019 and 2018



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Station Foundation
Bozeman, Montana

We have audited the accompanying consolidated financial statements of The Station Foundation (a nonprofit corporation) and its affiliate, The Station Foundation Holdings, LLC, (collectively The Station Foundation), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Station Foundation as of December 31, 2019 and 2018, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anderson Zurmuehlen & Co., P.C.

Bozeman, Montana
July 23, 2020

CONSOLIDATED FINANCIAL STATEMENTS

THE STATION FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,326,902	\$ 746,695
Pledges receivable	1,156,066	-
Prepaid expenses	<u>5,894</u>	<u>-</u>
Total current assets	<u>2,488,862</u>	<u>746,695</u>
PROPERTY AND EQUIPMENT		
Land	615,414	615,414
Buildings and land improvements	2,112,376	2,112,376
Machinery and equipment	116,540	111,540
Furniture and fixtures	19,868	16,954
Software	7,888	-
Construction in progress	<u>38,562</u>	<u>-</u>
Total property and equipment	2,910,648	2,856,284
Less: accumulated depreciation	<u>(275,558)</u>	<u>(192,932)</u>
Net property and equipment	<u>2,635,090</u>	<u>2,663,352</u>
OTHER ASSETS		
Restricted cash and cash equivalents	200,555	181,218
Investments	416,069	300,593
Pledges receivable, net of current portion	<u>27,500</u>	<u>-</u>
Total other assets	<u>644,124</u>	<u>481,811</u>
Total assets	<u>\$ 5,768,076</u>	<u>\$ 3,891,858</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,984	\$ 5,987
Accrued liabilities	<u>36,321</u>	<u>21,019</u>
Total current liabilities	<u>45,305</u>	<u>27,006</u>
NON-CURRENT LIABILITIES		
Note payable	<u>2,000,000</u>	<u>2,000,000</u>
Total liabilities	<u>2,045,305</u>	<u>2,027,006</u>
NET ASSETS		
Without donor restrictions	2,317,810	1,794,265
With restrictions	<u>1,404,961</u>	<u>70,587</u>
Total net assets	<u>3,722,771</u>	<u>1,864,852</u>
Total liabilities and net assets	<u>\$ 5,768,076</u>	<u>\$ 3,891,858</u>

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

THE STATION FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 1,324,997	\$ 1,785,000	\$ 3,109,997
SATISFACTION OF PURPOSE RESTRICTIONS	450,626	(450,626)	-
Total revenues, support, and satisfaction of purpose restrictions	1,775,623	1,334,374	3,109,997
EXPENSES			
Program services:			
Workshops	1,041,522	-	1,041,522
Supporting services:			
Management and general	77,165	-	77,165
Fundraising	154,640	-	154,640
Total expenses	1,273,327	-	1,273,327
INVESTMENT INCOME	21,249	-	21,249
Changes in net assets	523,545	1,334,374	1,857,919
Net assets, beginning of year	1,794,265	70,587	1,864,852
Net assets, end of year	\$ 2,317,810	\$ 1,404,961	\$ 3,722,771

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

THE STATION FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 754,273	\$ 415,000	\$ 1,169,273
SATISFACTION OF PURPOSE RESTRICTIONS	464,413	(464,413)	-
Total revenues, support, and satisfaction of purpose restrictions	1,218,686	(49,413)	1,169,273
EXPENSES			
Program services:			
Workshops	914,749	-	914,749
Supporting services:			
Management and general	57,579	-	57,579
Fundraising	81,610	-	81,610
Total expenses	1,053,938	-	1,053,938
INVESTMENT LOSS	(3,298)	-	(3,298)
Changes in net assets	161,450	(49,413)	112,037
Net assets, beginning of year	1,632,815	120,000	1,752,815
Net assets, end of year	\$ 1,794,265	\$ 70,587	\$ 1,864,852

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

THE STATION FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Workshops - Special Operations Forces Support	Management and General	Fundraising	Total
Advertising	\$ 2,419	\$ -	\$ -	\$ 2,419
Bank and credit card fees	-	2,307	-	2,307
Depreciation	64,117	5,841	12,667	82,625
Dues and subscriptions	9,561	871	1,889	12,321
Information technology	390	36	77	503
Insurance	17,791	1,621	3,515	22,927
Interest	46,560	4,242	9,198	60,000
Miscellaneous	2,873	566	27,301	30,740
Occupancy	61,189	5,575	12,089	78,853
Personnel costs	382,699	34,511	74,617	491,827
Postage and delivery	491	98	347	936
Printing and publications	30,225	10	8,775	39,010
Professional fees	-	20,299	-	20,299
Supplies	-	1,113	144	1,257
Taxes and licenses	47	75	-	122
Travel	1,831	-	1,395	3,226
Workshop travel, lodging, and supplies	<u>421,329</u>	<u>-</u>	<u>2,626</u>	<u>423,955</u>
Total expenses	<u>\$ 1,041,522</u>	<u>\$ 77,165</u>	<u>\$ 154,640</u>	<u>\$ 1,273,327</u>

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

THE STATION FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Workshops - Special Operations <u>Forces Support</u>	Management and General <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank and credit card fees	\$ 144	\$ 378	\$ 287	\$ 809
Depreciation	59,861	4,957	7,693	72,511
Donor recognition	-	-	2,347	2,347
Dues and subscriptions	5,751	476	739	6,966
Information technology	893	74	115	1,082
Insurance	18,773	1,555	2,413	22,741
Interest	49,533	4,102	6,365	60,000
Miscellaneous	219	218	5,196	5,633
Occupancy	65,777	5,447	8,453	79,677
Personnel costs	272,290	27,611	35,602	335,503
Postage and delivery	2,225	200	560	2,985
Printing and publications	27,978	-	7,547	35,525
Professional fees	38	11,922	-	11,960
Supplies	6,009	355	39	6,403
Taxes and licenses	7,897	25	-	7,922
Travel	3,801	-	2,670	6,471
Workshop travel, lodging, and supplies	<u>393,560</u>	<u>259</u>	<u>1,584</u>	<u>395,403</u>
Total expenses	<u>\$ 914,749</u>	<u>\$ 57,579</u>	<u>\$ 81,610</u>	<u>\$ 1,053,938</u>

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

THE STATION FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,857,919	\$ 112,037
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	82,625	72,511
Contributed property and equipment	-	(78,476)
Contributed securities	(11,760)	-
Reinvested earnings on investments	(7,974)	(6,393)
Unrealized (gain) loss on investments	(13,275)	9,691
Changes in operating assets and liabilities:		
Pledges receivable	(1,189,460)	-
Accounts payable	2,997	(39,959)
Accrued liabilities	<u>15,302</u>	<u>20,251</u>
Net cash flows from operating activities	<u>736,374</u>	<u>89,662</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(54,363)	(71,254)
Purchases of investments	<u>(82,467)</u>	<u>(14,844)</u>
Net cash flows from investing activities	<u>(136,830)</u>	<u>(86,098)</u>
Net change in cash and cash equivalents	599,544	3,564
Cash and cash equivalents, beginning of year	<u>927,913</u>	<u>924,349</u>
Cash and cash equivalents, end of year	<u>\$ 1,527,457</u>	<u>\$ 927,913</u>
AS PRESENTED ON THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 1,326,902	\$ 746,695
Restricted cash and cash equivalents	<u>200,555</u>	<u>181,218</u>
Total cash and cash equivalents, end of year	<u>\$ 1,527,457</u>	<u>\$ 927,913</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Noncash cancellation of interest	<u>\$ 60,000</u>	<u>\$ 60,000</u>
Contributions of securities	<u>\$ 11,760</u>	<u>\$ -</u>
Contributions of property and equipment	<u>\$ -</u>	<u>\$ 78,476</u>

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

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Station Foundation (the Organization) is a nonprofit organization incorporated in the state of Montana, formed for the purpose of providing support to former Special Operations Forces (SOF) service members upon re-entry to civilian life. This includes providing workshops to restore family and community relationships. The Organization is funded primarily by grants and contributions. The primary facility used in the operation of the Organization is located in the greater Bozeman, Montana area and owned by The Station Foundation Holdings, LLC. The Station Foundation Holdings, LLC is a Montana Limited Liability Company whose sole member is The Station Foundation. The activities of The Station Foundation Holdings, LLC, have been consolidated with the operations of The Station Foundation (collectively the Organization) in the presentation of the accompanying consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board (FASB).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Station Foundation and its wholly-owned subsidiary, the Station Foundation Holdings, LLC, collectively referred to as the Organization. All intra-entity transactions have been eliminated in the presentation of the 2019 and 2018 consolidated financial statements.

Classification of 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 the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions*—Net assets that are not subject to donor-imposed stipulations and donor-restricted support whose restrictions are met in the same reporting period. These net assets may be used at the discretion of the Organization’s management and the board of directors.
- *Net assets with donor restrictions*—Net assets subject to donor-imposed stipulations. These donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions when the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions

Contributions, including unconditional promises to give, are recognized as support as of the date of contribution. Promises to give that are scheduled to be received after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the cash is received and any purpose restrictions are met. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date contributed.

Contributions of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets 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 contributions. 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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as support in accordance with GAAP if the services (a) create or enhance tangible assets or (b) require specialized skills, which are performed by people with those skills and would otherwise be purchased by the Organization.

Cash and Cash Equivalents

For purposes of preparing the consolidated statements of financial position and cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Organization's cash balances are maintained in several bank deposit accounts for which FDIC coverage is limited to \$250,000 per depositor, per insured bank. As of December 31, 2019 and 2018, the cash deposits with banks exceeded their insured limits by \$1,245,560 and \$663,471, respectively.

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Cash Equivalents

Restricted cash consists of funds accumulated in excess of those needed to purchase the lodge campus in October of 2015. These funds are restricted for maintenance and other purchases necessary to keep the campus in working condition for use by the Organization.

Investments

Investments consist of marketable equity and debt securities and 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 2 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends and interest are recorded when received. Net appreciation includes gains and losses on investments bought and sold as well as held during the year.

Property and Equipment

Purchased property and equipment with a cost of \$1,000 or more and an estimated useful life over two years are capitalized and recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. It is the intention of the Organization to keep donated assets for the entirety of their useful lives. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Building	39 years
Building and land improvements	15 years
Machinery and equipment	3 - 5 years
Furniture and fixtures	7 years

Expenditures for major renewal and betterments that extend the useful lives of property and equipment are capitalized, while expenditures for repairs and maintenance items are charged to expense as they are incurred.

Advertising Costs

The Organization expenses advertising and marketing costs as incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Station Foundation is organized as a non-profit corporation and is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation; therefore, no provision for income taxes has been made in these consolidated statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement 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 using an appropriate basis consistently applied. These expenses include depreciation, interest, occupancy, insurance, dues and subscriptions, and information technology. These expenses are allocated based on estimates of time and effort.

Program activities consist of the following two broad workshop types, which include lodging, meals, travel and airfare for program participants to spend dedicated time with their families at the Organization's operating facility. All workshops include mentor and guide services provided by The Station Foundation employees who work with the program participants on various objectives, as follows:

The Homecoming Project

The Homecoming Project has four workshops: Family Foundation Workshop (FFW), RESTORE, Transition Azimuth Check (TrAC), and Spouse Performance Program. All workshops entail a 6 to 12 month process that helps service members re-integrate into their families, communities and civilian life. Pre-workshop and post-workshop protocol (interviews, resiliency surveys, online assessment tools and phone calls) ensure participants appropriately use their strengths, practice new techniques and successfully accomplish personal goals.

The Legacy Project

The Legacy Project includes three unique workshops for Gold Star Families: The Crossing (for adolescents), Leaders in Training (LiT), and Creative Arts Workshop. These programs help the participants transition through character, become confident leaders, create a culture of value, and create camaraderie amongst children who understand their journey.

New Accounting Pronouncements

Effective January 1, 2019, the Association adopted FASB Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance on (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. Implementation of the standard had no effect on the Association's existing revenue recognition policies, nor required any adjustment of activity reported in a prior period.

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

Effective January 1, 2019, the Association adopted the provisions of FASB ASU No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, including the subsequent revisions (collectively referred to as Topic 606). This accounting standard was issued to create a single framework for recognizing revenue from contracts with customers that fall within its scope. Implementation of the standard had no effect on the Association's existing revenue recognition policies, nor required any adjustment of activity reported in a prior period.

Effective January 1, 2019, the Association adopted FASB ASU No. 2016-18, Statement of Cash Flows (Topic 230) - *Restricted Cash*. The update requires that the statement of cash flows explain the change in the total cash, cash equivalents, and restricted cash. Implementation of this standard had no effect on the Association's existing presentation of the consolidated statement of cash flows, nor required a change in presentation reported in a prior period.

Subsequent Events

Management has evaluated subsequent events through July 23, 2020, the date which the consolidated financial statements were available to be issued.

NOTE 2. FAIR VALUE MEASUREMENT OF INVESTMENTS

The Organization maintains investments with various financial institutions under the management of third parties in accordance with its investment policy.

In accordance with GAAP, the Organization uses a fair value hierarchy that prioritizes the inputs for valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Basis of Fair Value Measurement

The three levels of the fair value input measurements under these standards are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in active markets, identical or similar assets in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived from observable market data by correlation or other means; and
- Level 3 – Unobservable inputs for a reporting entity's own assumptions with respect to the assumptions market participants would use, other entity-specific inputs that are not derived from market data, and unobservable inputs that are developed based on the best information available in the circumstances.

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 2. FAIR VALUE MEASUREMENT OF INVESTMENTS (CONTINUED)

Basis of Fair Value Measurement (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Equities: Valued at the daily closing price as reported by the investment. Equity securities held by the Organization are public companies registered with the SEC. The equity investments held by the Organization are actively traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end funds registered with the SEC. These funds publish net asset values daily to transact at that price. The mutual funds held by the Organization are actively traded.

Money market funds: Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents by level, within the fair value hierarchy, the Organization's investment assets at fair value, as of December 31, 2019 and 2018. As required by GAAP, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement. The Organization's policy for determining the timing of significant transfers between Levels 1, 2, and 3 is at the end of the reporting period.

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 2. FAIR VALUE MEASUREMENT OF INVESTMENTS (CONTINUED)

	<u>2019</u>	<u>2018</u>
	Fair Value (Level 1)	Fair Value (Level 1)
Equities	<u>\$ 500</u>	<u>\$ -</u>
Mutual funds		
Exchange traded funds - equity		
Diversified emerging markets	3,685	3,122
Long-short equity	4,621	3,765
Mid-cap growth	6,384	4,749
World allocation	6,832	6,063
Foreign large blend	4,674	3,763
Large blend	<u>21,758</u>	<u>6,373</u>
Total exchange traded funds - equity	<u>47,954</u>	<u>27,835</u>
Exchange traded funds - debt		
Intermediate-term bond	91,016	82,943
World bond	3,441	3,411
High-yield bond	16,368	14,122
Short-term bond	<u>28,972</u>	<u>27,373</u>
Total exchange traded funds - debt	<u>139,797</u>	<u>127,849</u>
Money market funds	<u>227,818</u>	<u>144,909</u>
Total investments	<u>\$ 416,069</u>	<u>\$ 300,593</u>

Components of investment income for the years ended December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 7,974	\$ 6,393
Unrealized gains (losses)	<u>13,275</u>	<u>(9,691)</u>
Total investment income (loss)	<u>\$ 21,249</u>	<u>\$ (3,298)</u>

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 3. PLEDGES RECEIVABLE

Pledges to give at December 31, 2019 and 2018 are scheduled to be received as follows:

2020	\$ 1,156,066
2021	<u>27,500</u>
Total pledges receivable	<u>\$ 1,183,566</u>

NOTE 4. NOTE PAYABLE

The Organization executed a promissory note with a private trust in the amount of \$2,000,000 for the acquisition and maintenance of the Organization's operating facility. The note bears interest at an annual rate of 3.0% with annual interest-only payments due on or before December 31st of each year through October 2025, when all outstanding principal and interest are due. The note is secured by the Organization's operating facility.

In both 2019 and 2018, the holder of the promissory note signed a cancellation of interest agreement to forgive the interest each year amounting to \$60,000. Interest expense described above and the related contribution for the cancellation of interest is presented in the accompanying consolidated financial statements as expenses and support in the amount of the forgiven interest payments.

NOTE 5. DONATED SERVICES

The Organization receives donated services from a variety of volunteers assisting in the operation of the Organization. The value of these services has not been recognized in the consolidated financial statements since it does not meet the criteria for recognition in accordance with GAAP.

NOTE 6. CONCENTRATION OF INCOME SOURCES

During 2019, the Organization received approximately 50% of its total support was from two donors. In 2018, the Organization received approximately 30% of its total support from a single donor.

THE STATION FOUNDATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2019 and 2018

NOTE 7. NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions as of December 31, 2019 and 2018 consisted of both designated and undesignated balances as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 2,117,255	\$ 1,613,047
Designated for lodge repairs and maintenance	<u>200,555</u>	<u>181,218</u>
Total net assets without donor restrictions	<u>\$ 2,317,810</u>	<u>\$ 1,794,265</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 were available for the following purposes:

	<u>2019</u>	<u>2018</u>
The Homecoming Project	\$ 100,000	\$ 32,500
Infinite Hero Foundation	22,888	-
The Legacy Project	253,127	-
Mental Health	-	13,087
Langmack Trail	25,000	25,000
Art Supplies	3,946	-
Cabin Project	<u>1,000,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 1,404,961</u>	<u>\$ 70,587</u>

NOTE 8. LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended December 31, 2019 and 2018, restricted contributions of \$1,404,961 and \$70,587, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

In addition, the Organization receives support without donor restrictions and investment income without donor restrictions. These amounts are available to meet cash needs for general expenditures.

THE STATION FOUNDATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2019 and 2018

NOTE 8. LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets available for general expenditures include only those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures within one year at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,326,902	\$ 746,695
Restricted cash and cash equivalents	200,555	181,218
Investments	416,069	300,593
Pledges receivable	<u>1,183,566</u>	<u>-</u>
Total financial assets	3,127,092	1,228,506
Less amounts not available use use within one year:		
Restricted cash and cash equivalents	(200,555)	(181,218)
Pledges receivable scheduled to be collected after one year	(27,500)	-
Amounts held for long-term investment	<u>(416,069)</u>	<u>(300,593)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 2,482,968</u>	<u>\$ 746,695</u>

As part of the Organization's liquidity management, its goal is to structure its financial assets to be available to meet its general expenditures, liabilities, and other obligations as they come due. The Organization intends to hold investments for long-term purposes. The individual investments making up the Organization's investment portfolio and could be liquidated and used to meet general expenditures if a liquidity issue were to arise.

NOTE 9. RELATED PARTY TRANSACTIONS

The Organization receives donations from multiple board members and their families. Related party contributions for the years ended December 31, 2019 and 2018 were \$5,301 and \$15,310, respectively.

THE STATION FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 10. SUBSEQUENT EVENTS

In March 2020, the novel coronavirus was declared a global pandemic. The pandemic is having a major effect on the global economy. As the majority of the Organization's revenue streams are generated from contributions from donors, the Organization's support could be negatively impacted in 2020, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to the accompanying consolidated financial statements as a result of this situation.

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan through the Small Business Administration amounting to \$96,600. A PPP Loan Forgiveness Application has been submitted and is pending approval. Also in 2020, the Organization received an Economic Injury Disaster Loan through the Small Business Administration amounting to \$10,000. The Organization intends to utilize the proceeds from these loans for qualified payroll and operating expenses.

Effective May 4, 2020, the holder of a promissory note signed a cancellation of indebtedness agreement to cancel \$1,000,000 of principal indebtedness owed to the holder by The Station Foundation Holdings, LLC.



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