

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

**GLACIER SYMPHONY AND  
CHORALE, INC.**

JUNE 30, 2017 AND 2016



**GLACIER SYMPHONY AND CHORALE, INC.**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Glacier Symphony and Chorale, Inc.  
Kalispell, Montana

We have audited the accompanying financial statements of Glacier Symphony and Chorale, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain 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 Glacier Symphony and Chorale, Inc., as of June 30, 2017 and 2016, and the 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.

***Junkermier, Clark, Campanella, Stevens, P.C.***

January 26, 2018  
Kalispell, Montana

**GLACIER SYMPHONY AND CHORALE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

|   | <u>ASSETS</u>            |                          |
|---|--------------------------|--------------------------|
|   | <u>2017</u>              | <u>2016</u>              |
| <b>CURRENT ASSETS</b>                       |                          |                          |
| Cash and cash equivalents                   | \$ 130,738               | \$ 140,161               |
| Pledges receivable, current portion, net    | 64,300                   | 43,950                   |
| Inventory                                   | <u>3,467</u>             | <u>-</u>                 |
| <b>TOTAL CURRENT ASSETS</b>                 | <u>198,505</u>           | <u>184,111</u>           |
| <br><b>PROPERTY AND EQUIPMENT</b>           |                          |                          |
| Property and equipment                      | 89,429                   | 85,929                   |
| Less: Accumulated Depreciation              | <u>(76,178)</u>          | <u>(66,974)</u>          |
| <b>TOTAL PROPERTY AND EQUIPMENT, NET</b>    | <u>13,251</u>            | <u>18,955</u>            |
| <br><b>OTHER ASSETS</b>                     |                          |                          |
| Investments - endowment                     | 266,073                  | 246,943                  |
| Pledges receivable                          | 142,400                  | 73,850                   |
| Beneficial interest in perpetual trusts     | <u>98,453</u>            | <u>96,754</u>            |
| <b>TOTAL OTHER ASSETS</b>                   | <u>506,926</u>           | <u>417,547</u>           |
| <br><b>TOTAL ASSETS</b>                     | <u><u>\$ 718,682</u></u> | <u><u>\$ 620,613</u></u> |
| <br><u>LIABILITIES AND NET ASSETS</u>       |                          |                          |
| <br><b>CURRENT LIABILITIES</b>              |                          |                          |
| Accounts payable                            | \$ 6,871                 | \$ 11,414                |
| Payroll taxes payable                       | 1,025                    | 5,304                    |
| Deferred revenue                            | <u>40,516</u>            | <u>51,471</u>            |
| <b>TOTAL CURRENT LIABILITIES</b>            | <u>48,412</u>            | <u>68,189</u>            |
| <br><b>NET ASSETS</b>                       |                          |                          |
| Unrestricted                                | 290,228                  | 248,410                  |
| Temporarily restricted                      | 219,245                  | 144,916                  |
| Permanently restricted                      | <u>160,797</u>           | <u>159,098</u>           |
| <b>TOTAL NET ASSETS</b>                     | <u>670,270</u>           | <u>552,424</u>           |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 718,682</u></u> | <u><u>\$ 620,613</u></u> |

See Notes to Financial Statements

**GLACIER SYMPHONY AND CHORALE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|
| <b>REVENUE AND OTHER SUPPORT</b>                             |                     |                                   |                                   |                   |
| Concert revenues   | \$ 180,197          | \$ -                              | \$ -                              | \$ 180,197        |
| Contributions  | 325,968             | 112,500                           | -                                 | 438,468           |
| Investment income  | 11,153              | -                                 | -                                 | 11,153            |
| Realized and unrealized (loss) on<br>investments             | 26,350              | 5,779                             | -                                 | 32,129            |
| Change in value of beneficial interest in<br>perpetual trust | -                   | -                                 | 1,699                             | 1,699             |
| Fundraising events   | 55,188              | -                                 | -                                 | 55,188            |
| Grant revenues   | 60,781              | -                                 | -                                 | 60,781            |
| In-kind contributions  | 100,359             | -                                 | -                                 | 100,359           |
| Other revenues   | 14,026              | -                                 | -                                 | 14,026            |
| Net assets released from restriction                         | <u>43,950</u>       | <u>(43,950)</u>                   | <u>-</u>                          | <u>-</u>          |
| <b>TOTAL REVENUE AND<br/>OTHER SUPPORT</b>                   | <u>817,972</u>      | <u>74,329</u>                     | <u>1,699</u>                      | <u>894,000</u>    |
| <br><b>PROGRAM SERVICE EXPENSES</b>                          |                     |                                   |                                   |                   |
| Employee costs   | 117,405             | -                                 | -                                 | 117,405           |
| Musicians  | 79,907              | -                                 | -                                 | 79,907            |
| Concert productions  | 178,033             | -                                 | -                                 | 178,033           |
| Other program services                                       | <u>92,478</u>       | <u>-</u>                          | <u>-</u>                          | <u>92,478</u>     |
| <b>TOTAL PROGRAM SERVICE<br/>EXPENSES</b>                    | <u>467,823</u>      | <u>-</u>                          | <u>-</u>                          | <u>467,823</u>    |
| <br><b>MANAGEMENT AND GENERAL<br/>EXPENSES</b>               |                     |                                   |                                   |                   |
| Employee costs   | 77,879              | -                                 | -                                 | 77,879            |
| Occupancy  | 41,952              | -                                 | -                                 | 41,952            |
| Other management and general                                 | 115,422             | -                                 | -                                 | 115,422           |
| Fundraising costs  | <u>73,078</u>       | <u>-</u>                          | <u>-</u>                          | <u>73,078</u>     |
| <b>TOTAL MANAGEMENT AND<br/>GENERAL EXPENSES</b>             | <u>308,331</u>      | <u>-</u>                          | <u>-</u>                          | <u>308,331</u>    |
| <b>TOTAL EXPENSES</b>  | <u>776,154</u>      | <u>-</u>                          | <u>-</u>                          | <u>776,154</u>    |
| <br><b>CHANGE IN NET ASSETS</b>                              | 41,818              | 74,329                            | 1,699                             | 117,846           |
| Net assets, beginning of year                                | <u>248,410</u>      | <u>144,916</u>                    | <u>159,098</u>                    | <u>552,424</u>    |
| <br><b>NET ASSETS, END OF YEAR</b>                           | <u>\$ 290,228</u>   | <u>\$ 219,245</u>                 | <u>\$ 160,797</u>                 | <u>\$ 670,270</u> |

See Notes to Financial Statements

**GLACIER SYMPHONY AND CHORALE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

|  | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
|--|-------------------|---------------------------|---------------------------|-------------------|
| <b>REVENUE AND OTHER SUPPORT</b>                             |                   |                           |                           |                   |
| Concert revenues   | \$ 189,068        | \$ -                      | \$ -                      | \$ 189,068        |
| Contributions  | 483,395           | 73,850                    | 600                       | 557,845           |
| Investment income  | 18,443            | -                         | -                         | 18,443            |
| Realized and unrealized (loss) on<br>investments             | 831               | (4,241)                   | -                         | (3,410)           |
| Change in value of beneficial interest in<br>perpetual trust | -                 | -                         | (3,796)                   | (3,796)           |
| Fundraising events   | 64,506            | -                         | -                         | 64,506            |
| Grant revenues   | 32,488            | -                         | -                         | 32,488            |
| In-kind contributions  | 105,640           | -                         | -                         | 105,640           |
| Other revenues   | 24,753            | -                         | -                         | 24,753            |
| <b>TOTAL REVENUE AND<br/>OTHER SUPPORT</b>                   | <u>919,124</u>    | <u>69,609</u>             | <u>(3,196)</u>            | <u>985,537</u>    |
| <b>PROGRAM SERVICE EXPENSES</b>                              |                   |                           |                           |                   |
| Employee costs   | 129,281           | -                         | -                         | 129,281           |
| Musicians  | 98,299            | -                         | -                         | 98,299            |
| Concert productions  | 181,473           | -                         | -                         | 181,473           |
| Other program services                                       | 114,653           | -                         | -                         | 114,653           |
| <b>TOTAL PROGRAM SERVICE<br/>EXPENSES</b>                    | <u>523,706</u>    | <u>-</u>                  | <u>-</u>                  | <u>523,706</u>    |
| <b>MANAGEMENT AND GENERAL<br/>EXPENSES</b>                   |                   |                           |                           |                   |
| Employee costs   | 82,964            | -                         | -                         | 82,964            |
| Occupancy  | 41,261            | -                         | -                         | 41,261            |
| Other management and general                                 | 124,663           | -                         | -                         | 124,663           |
| Fundraising costs  | 90,736            | -                         | -                         | 90,736            |
| Loss on disposal of assets                                   | 2,396             | -                         | -                         | 2,396             |
| <b>TOTAL MANAGEMENT AND<br/>GENERAL EXPENSES</b>             | <u>342,020</u>    | <u>-</u>                  | <u>-</u>                  | <u>342,020</u>    |
| <b>TOTAL EXPENSES</b>  | <u>865,726</u>    | <u>-</u>                  | <u>-</u>                  | <u>865,726</u>    |
| <b>CHANGE IN NET ASSETS</b>                                  | 53,398            | 69,609                    | (3,196)                   | 119,811           |
| Net assets, beginning of year                                | <u>195,012</u>    | <u>75,307</u>             | <u>162,294</u>            | <u>432,613</u>    |
| <b>NET ASSETS, END OF YEAR</b>                               | <u>\$ 248,410</u> | <u>\$ 144,916</u>         | <u>\$ 159,098</u>         | <u>\$ 552,424</u> |

See Notes to Financial Statements

**GLACIER SYMPHONY AND CHORALE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

|  | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                   |
| Change in net assets   | \$ 117,846        | \$ 119,811        |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |                   |                   |
| Depreciation   | 10,328            | 21,950            |
| Loss on disposal of assets   | -                 | 2,396             |
| Realized and unrealized (gain) loss on investments   | (32,129)          | 3,410             |
| Contributions restricted to endowment  | -                 | (600)             |
| Change in value of beneficial interest in perpetual trust                                  | (1,699)           | 3,796             |
| (Increase) decrease in assets:   |                   |                   |
| Pledges receivable   | (88,900)          | (114,800)         |
| Inventory  | (3,467)           | -                 |
| Other assets   | -                 | 20,930            |
| Increase (decrease) in liabilities:  |                   |                   |
| Accounts payable   | (4,543)           | (1,896)           |
| Other liabilities  | (4,279)           | (1,430)           |
| Deferred revenue   | (10,955)          | (98,882)          |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <b>(17,798)</b>   | <b>(45,315)</b>   |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                   |
| Proceeds from sale of investments  | 323,847           | 124,989           |
| Purchase of investments  | (311,972)         | (126,688)         |
| Purchase of property and equipment   | (3,500)           | (34,500)          |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>  | <b>8,375</b>      | <b>(36,199)</b>   |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                   |                   |
| Contributions restricted for endowment   | -                 | 600               |
| <br><b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   | <b>(9,423)</b>    | <b>(80,914)</b>   |
| <br><b>BEGINNING CASH AND CASH EQUIVALENTS</b>   | <b>140,161</b>    | <b>221,075</b>    |
| <br><b>ENDING CASH AND CASH EQUIVALENTS</b>  | <b>\$ 130,738</b> | <b>\$ 140,161</b> |
| <br><b>NONCASH OPERATING TRANSACTIONS</b>  |                   |                   |
| Loss on disposal of assets   | \$ -              | \$ (2,396)        |
| In-kind contributions received   | \$ 100,359        | \$ 105,640        |

**GLACIER SYMPHONY AND CHORALE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

NOTE 1 -- NATURE OF THE ORGANIZATION

Glacier Symphony and Chorale, Inc. (the "Organization") was organized as a Montana Corporation of the State of Montana on October 20, 1983. The Corporation was organized for the purpose of advancement of the arts through education and concert production. The Organization's primary sources of revenue are from the production of concerts and public contributions.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization maintains its records and presents its financial statements on the accrual basis of accounting. Financial statement presentation follows the recommendations of Financial Accounting Standards Board ASC 958. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Temporarily restricted net assets are the net assets that result from contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or fulfillment of purpose.

Permanently restricted net assets are the net assets that result from contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time or fulfillment of purpose. Permanently restricted assets at year-end consist of the principal balance of the endowment fund as described in Note 6.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Pledges receivable in the accompanying statement of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as either current or long-term receivables on the statement of financial position. All long-term receivables are expected to be collected within five years.



**GLACIER SYMPHONY AND CHORALE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Estimates

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

Property and Equipment

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the equipment. Depreciation is by the straight-line method. Maintenance and repairs are charged to operations. Depreciation expense was \$10,328 and \$21,950 for the years ended June 30, 2017 and 2016, respectively.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, accordingly, no provision for income taxes is included in the accompanying financial statements nor are there any uncertain tax positions material to the financial statements. The Organization's income tax returns are open to examination by the IRS generally for three years after they were filed or the due date of the return, whichever is later.

Advertising Costs

Advertising costs are expensed in the period in which they were incurred and were \$15,560 and \$31,669 for the years ended June 30, 2017 and 2016 respectively.

Deferred Revenue

Deferred revenue represents the collection of funds received from advertisers and ticket holders that will be earned in future periods.

Concentration of Credit Risk

The Organization maintains cash deposits with various institutions which are FDIC insured up to \$250,000 and SIPC insured up to \$500,000 for each individual account.

**GLACIER SYMPHONY AND CHORALE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions

The Organization seeks and receives the volunteer efforts of many members of the community in attaining its goals. Only services for which the donor has specialized skills and would ordinarily receive compensation are considered donations in-kind. All donated goods are considered gifts in-kind and are valued at their fair market value at the time of donation. The value of donated services are determined by the donors as the usual fees they would receive for such services in the normal course of their business. Donors are provided receipts showing estimated fair market value for their in-kind donations; these values are established by the donors. Donated goods and services are recorded in the financial statements as unrestricted revenue and as a corresponding unrestricted functional expense or capitalized assets.

NOTE 3 -- PROMISES TO GIVE

Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Organization. The Organization estimates that all pledges as of June 30, 2017 and 2016 are fully collectible. Pledges which will not be received in the subsequent year have not been discounted, as the difference using the estimated rate of return approximated the recorded value.

Total unconditional promises to give at June 30, 2017 and 2016:

|  | 2017       | 2016       |
|--|------------|------------|
| Unconditional promises to give             | \$ 206,700 | \$ 117,800 |
| The pledges receivable are due as follows: |            |            |
| Less than one year                         | \$ 64,300  | \$ 43,950  |
| One to five years                          | 142,400    | 73,850     |
| Total pledges receivable                   | \$ 206,700 | \$ 206,700 |

NOTE 4 -- INVESTMENTS

Investment securities are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following:

|                                | 2017       | 2016       |
|--------------------------------|------------|------------|
| Money funds                    | \$ 52,721  | \$ 5,973   |
| Equity securities              | 165,252    | 144,539    |
| Corporate and government bonds | 48,100     | 96,431     |
|                                | \$ 266,073 | \$ 246,943 |

**GLACIER SYMPHONY AND CHORALE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

NOTE 4 -- INVESTMENTS (CONTINUED)

A summary of return on investments consists of the following for the years ended June 30, 2017 and 2016, respectively:

|   | 2017      | 2016      |
|---|-----------|-----------|
| Interest and dividends                  | \$ 11,153 | \$ 18,443 |
| Net realized and unrealized gain (loss) | 32,129    | (3,410)   |
|   | \$ 43,282 | \$ 15,033 |

NOTE 5 -- BENEFICIAL INTEREST IN PERPETUAL TRUST

The Symphony is the beneficiary of a perpetual trusts (Montana Community Foundation), which are permanently restricted for the exclusive benefit of the Symphony. The value of this beneficial interest is recorded at the fair value of the underlying securities of the trust, which management believes accurately approximates the present value of the future cash flows. The underlying investments in the trust are comprised primarily of mutual funds, which are not readily marketable. Therefore, the estimated fair value of this investment may differ materially from the amount ultimately realized. During 2017 and 2016, the income from this beneficial interest amounted to \$5,896 and \$698 and is included in investment return in the statement of activities.

NOTE 6 -- ENDOWMENT

The Organization's endowment consists of a mix of bonds and equities and includes donor restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**GLACIER SYMPHONY AND CHORALE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

NOTE 6 -- ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes 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 resources of the Organization
- (7) The investment policies of the Organization.

Endowment net asset composition by type of fund as of June 30, 2017:

|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Donor-restricted endowment funds | \$ -                | \$ 76,845                         | \$ 67,344                         | \$ 144,189        |
| Board-designated endowment funds | <u>121,884</u>      | <u>-</u>                          | <u>-</u>                          | <u>121,884</u>    |
| Total funds                      | <u>\$ 121,884</u>   | <u>\$ 76,845</u>                  | <u>\$ 67,344</u>                  | <u>\$ 266,073</u> |

**GLACIER SYMPHONY AND CHORALE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

NOTE 6 -- ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2016:

|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Donor-restricted endowment funds | \$ -                | \$ 71,066                         | \$ 67,344                         | \$ 138,410        |
| Board-designated endowment funds | <u>108,533</u>      | <u>-</u>                          | <u>-</u>                          | <u>108,533</u>    |
| Total funds                      | <u>\$ 108,533</u>   | <u>\$ 71,066</u>                  | <u>\$ 67,344</u>                  | <u>\$ 246,943</u> |

Changes in endowment net assets for the year ended June 30, 2017:

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Endowment net assets, beginning of year    | <u>\$ 108,533</u>   | <u>\$ 71,066</u>                  | <u>\$ 67,344</u>                  | <u>\$ 246,943</u> |
| Investment return:                         |                     |                                   |                                   |                   |
| Investment income                          | 6,815               | 4,463                             | -                                 | 11,278            |
| Net appreciation (realized and unrealized) | <u>2,009</u>        | <u>1,316</u>                      | <u>-</u>                          | <u>3,325</u>      |
| Total investment return                    | <u>8,824</u>        | <u>5,779</u>                      | <u>-</u>                          | <u>14,603</u>     |
| Contributions and other                    | <u>4,527</u>        | <u>-</u>                          | <u>-</u>                          | <u>4,527</u>      |
| Endowment net assets, end of year          | <u>\$ 121,884</u>   | <u>\$ 76,845</u>                  | <u>\$ 67,344</u>                  | <u>\$ 266,073</u> |

**GLACIER SYMPHONY AND CHORALE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

NOTE 6 -- ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2016:

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Endowment net assets,<br>beginning of year      | \$ 106,600          | \$ 75,307                         | \$ 66,744                         | \$ 248,651        |
| Investment return:                              |                     |                                   |                                   |                   |
| Investment income                               | (13,344)            | (9,427)                           | -                                 | (22,771)          |
| Net (depreciation) (realized<br>and unrealized) | 7,340               | 5,186                             | -                                 | 12,526            |
| Total investment return                         | <u>(6,004)</u>      | <u>(4,241)</u>                    | <u>-</u>                          | <u>(10,245)</u>   |
| Contributions and other                         | <u>7,937</u>        | <u>-</u>                          | <u>600</u>                        | <u>8,537</u>      |
| Endowment net assets,<br>end of year            | <u>\$ 108,533</u>   | <u>\$ 71,066</u>                  | <u>\$ 67,344</u>                  | <u>\$ 246,943</u> |

Goals of the Organization

The Organization's Board believes that withdrawals to be made from the Endowment to support future operations in future years are as important as withdrawals made today. This is consistent with the philosophy that this Endowment is to exist in perpetuity. To attain this goal, the overriding objective of the Endowment is to enjoy increased purchasing power of Endowment assets. That is, net of transfers to the Organization's operating budget, the objective is to grow the aggregate portfolio value at a rate which exceeds inflation over the Endowment's investment horizon.

General Investment Principles

1. Investments shall be made solely in the interest of the beneficiaries of the Endowment.
2. The Endowment shall be invested with care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in like capacity and familiar with such matters would use in the investment of an Endowment of like character and with like aims.
3. Investment shall be sufficiently diversified to minimize risk of large losses.
4. The Organization's Board may employ one or more investment managers of varying specializations, styles and philosophies to attain the Endowment's objectives.
5. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity and return.

**GLACIER SYMPHONY AND CHORALE, INC.**  
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NOTE 6 -- ENDOWMENT (CONTINUED)

Spending Policy

The Organization's Board may from time to time, authorize permanent distributions of funds from the Endowment to its general operation budget. Such transfers:

1. Must be specifically authorized by the Board, and
2. Permanent distributions shall be limited to 50% of the accumulated dividends, interest and realized capital gains.
3. For the purpose of this 50% test, all accumulated dividends, interest, and realized capital gains shall be compared to all prior transfers to determine if there are eligible funds in the Endowment that are subject to transfer.

Borrowing from the Endowment to meet anticipated short-term cash needs for the Organization's operations is permitted, subject to:

1. 75% of board members vote to approve such a transfer.
2. The borrowing will be repaid within 180 days, and
3. Until borrowings are repaid, the unpaid borrowing amount shall be treated as a permanent distribution from the Endowment to the Organization under the 50% test above.

NOTE 7 -- TEMPORARILY RESTRICTED FUNDS

The temporarily restricted funds as of June 30, 2017 and 2016, are as follows:

|                                     | 2017       | 2016       |
|-------------------------------------|------------|------------|
| Pledges due in future years         | \$ 142,400 | \$ 73,850  |
| Unrealized gains of endowment funds | 76,845     | 71,066     |
|                                     | \$ 219,245 | \$ 144,916 |

NOTE 8 -- PERMANENTLY RESTRICTED FUNDS

The Organization's permanently restricted nets assets consists of the value of the beneficial interests of perpetual trust from the Montana Community Foundation, along with an permanently restricted portion of an endowment investment account. The permanently restricted funds as of June 30, 2017 and 2016, are as follows:

|                                      | 2017       | 2016       |
|--------------------------------------|------------|------------|
| Montana Community Foundation         | \$ 93,453  | \$ 91,754  |
| Investments held - endowment portion | 67,344     | 67,344     |
|                                      | \$ 160,797 | \$ 159,098 |

**GLACIER SYMPHONY AND CHORALE, INC.**  
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**NOTE 9 -- FAIR VALUE MEASUREMENTS**

The Organization follows FASB ASC 820-10 Fair Value Measurements, which provides a framework for measuring fair value. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels are defined as follows:

Level 1 - observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

Level 2 - observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

Level 3 - inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Assets and liabilities itemized below were measured at fair value during the year ended using the market approach as all instruments could be measured using Level 1. See the table below for the cost basis of the assets held at June 30.

|                                   | Fair Value        | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|-----------------------------------|-------------------|--|---|--|
| June 30, 2017:                    |                   |  |   |  |
| Money funds                       | \$ 52,721         | \$ 52,721  | \$ -  | \$ -   |
| Equity securities                 | 165,252           | 165,252  | -   | -  |
| Corporate and government<br>bonds | 48,100            | 48,100   | -   | -  |
| Total Assets                      | <u>\$ 266,073</u> | <u>\$ 266,073</u>  | <u>\$ -</u>   | <u>\$ -</u>  |



**GLACIER SYMPHONY AND CHORALE, INC.**  
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**JUNE 30, 2017 AND 2016**

NOTE 9 -- FAIR VALUE MEASUREMENT (CONTINUED)

|                                   | Fair Value        | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|-----------------------------------|-------------------|--|---|--|
| June 30, 2016:                    |                   |  |   |  |
| Money funds                       | \$ 5,973          | \$ 5,973   | \$ -  | \$ -   |
| Equity Securities                 | 144,539           | 144,539  | -   | -  |
| Corporate and government<br>bonds | <u>96,431</u>     | <u>96,431</u>  | -   | -  |
| Total Assets                      | <u>\$ 246,943</u> | <u>\$ 246,943</u>  | <u>\$ -</u>   | <u>\$ -</u>  |

NOTE 10 -- COMMITMENTS AND CONTINGENCIES

The Organization has a \$30,000 revolving line of credit from Glacier Bank, expiring October 2018. This line is collateralized by all of the Organization's assets, and interest is payable monthly on outstanding balances at an interest rate equal to the "Wall Street Journal" Prime Rate (with a floor of 6% and a high of 9%). At June 30, 2017, the line's effective rate of interest was 6%. No borrowings occurred during 2017 and 2016.

The Organization leases an office space under a five year operating lease. The monthly lease payments are \$1,500 for the entire five year term of the new agreement, which expires in June 2018. Lease expense for June 30, 2017 and 2016, was \$31,841 and \$32,316, respectively.

The minimum lease rental commitment under leasing agreements for the year ending June 30, 2017.

|              |                  |
|--------------|------------------|
| Fiscal year: |                  |
| 2018         | \$ <u>18,000</u> |

**GLACIER SYMPHONY AND CHORALE, INC.**  
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**NOTE 11 -- COMMUNITY FOUNDATION ENDOWMENTS**

The Organization is named as the income beneficiary on endowment funds held with the Montana Community Foundation. In accordance with the provisions of the endowment contract, the funds are reported as assets of the Montana Community Foundation. Accordingly, those assets are not presented on the statements of Glacier Symphony and Chorale, Inc. The total assets held with Montana Community Foundation were \$115,586 and \$98,973 as of June 30, 2017 and 2016, respectively.

The Organization is named as the income beneficiary on endowment funds held with the Flathead Community Foundation. In accordance with the provisions of the endowment contract, the funds are reported as assets of the Flathead Community Foundation. Accordingly, those assets are not presented on the statements of Glacier Symphony and Chorale, Inc. The total assets held with Flathead Community Foundation were \$6,355 and \$6,142 as of June 30, 2017 and 2016, respectively.

The Organization is named as the income beneficiary on endowment funds held with the Whitefish Community Foundation. In accordance with the provisions of the endowment contract, the funds are reported as assets of the Whitefish Community Foundation. Accordingly, those assets are not presented on the statements of Glacier Symphony and Chorale, Inc. The total assets held with Whitefish Community Foundation were \$90,169 and \$82,186 as of June 30, 2017 and 2016, respectively.

**NOTE 12 -- SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 26, 2018, the date on which the financial statements were available to be issued.