



***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT***

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018



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SOARING EAGLE, A PUBLIC CHARITY

*FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Soaring Eagle, A Public Charity
P.O. Drawer 879
Billings, Montana 59103-0879

We have audited the accompanying financial statements of Soaring Eagle, A Public Charity (a not-for-profit corporation, hereinafter "Soaring Eagle"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 audits 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 auditors' 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 auditors consider internal control relevant to Soaring Eagle'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 Soaring Eagle'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 Soaring Eagle as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cerini & Associates LLP

Bohemia, New York
October 16, 2019

SOARING EAGLE, A PUBLIC CHARITY

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

2019 **2018**

ASSETS

Current Assets:

Cash and cash equivalents.....	\$ 136,002	\$ 195,751
Investments	7,059,138	5,376,847
Current portion of investments held for charitable gift annuities.....	62,497	62,703
Accounts receivable, net of allowance for doubtful accounts.....	9,620	10,013
Current portion of bequests receivable.....	2,781,550	809,806
Other current assets.....	65,109	64,231
TOTAL CURRENT ASSETS	10,113,916	6,519,351
Investments held for charitable gift annuities, net of current portion.....	1,975,735	1,826,284
Bequests receivable, net of current portion.....	123,100	-
Property and equipment, net of accumulated depreciation.....	3,521,960	3,563,678
TOTAL ASSETS	\$ 15,734,711	\$ 11,909,313

LIABILITIES AND NET ASSETS

Current Liabilities:

Current portion of charitable gift annuity obligations.....	\$ 62,497	\$ 62,703
Current portion of capital lease payable.....	-	4,900
Accounts payable and accrued expenses.....	283,804	258,975
TOTAL CURRENT LIABILITIES	346,301	326,578
Charitable gift annuity obligations, net of current portion.....	310,384	317,247
TOTAL LIABILITIES	656,685	643,825

Net Assets:

Net assets without donor restrictions	14,954,926	11,265,488
Net assets with donor restrictions.....	123,100	-
TOTAL NET ASSETS	15,078,026	11,265,488
TOTAL LIABILITIES AND NET ASSETS	\$ 15,734,711	\$ 11,909,313

SOARING EAGLE, A PUBLIC CHARITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 2,685,685	\$ -	\$ 2,685,685
Legacies and bequests.....	4,255,649	123,100	4,378,749
Charitable gift annuities.....	42,796	-	42,796
Heritage Living Center resident income.....	42,253	-	42,253
Actuarial loss on gift annuities	(19,206)	-	(19,206)
Investment income	533,824	-	533,824
Other income.....	44,148	-	44,148
TOTAL SUPPORT AND REVENUE	7,585,149	123,100	7,708,249
EXPENSES			
Program Services:			
Heritage Living Center.....	2,282,221	-	2,282,221
Education.....	400,257	-	400,257
TOTAL PROGRAM SERVICES	2,682,478	-	2,682,478
Supporting Services:			
Annuity administration.....	31,776	-	31,776
Fundraising.....	826,916	-	826,916
Management and general.....	354,541	-	354,541
TOTAL SUPPORTING SERVICES	1,213,233	-	1,213,233
TOTAL EXPENSES	3,895,711	-	3,895,711
CHANGE IN NET ASSETS	3,689,438	123,100	3,812,538
Net assets, beginning of year.....	11,265,488	-	11,265,488
Net assets, end of year.....	\$ 14,954,926	\$ 123,100	\$ 15,078,026

SOARING EAGLE, A PUBLIC CHARITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 2,909,690	\$ -	\$ 2,909,690
Legacies and bequests.....	1,154,811	-	1,154,811
Charitable gift annuities.....	20,610	-	20,610
Heritage Living Center resident income.....	46,700	-	46,700
Actuarial loss on gift annuities	(24,217)	-	(24,217)
Investment income	483,410	-	483,410
Other income.....	27,411	-	27,411
TOTAL SUPPORT AND REVENUE	4,618,415	-	4,618,415
EXPENSES			
Program Services:			
Heritage Living Center.....	2,151,919	-	2,151,919
Education.....	399,733	-	399,733
TOTAL PROGRAM SERVICES	2,551,652	-	2,551,652
Supporting Services:			
Annuity administration.....	29,653	-	29,653
Fundraising.....	893,840	-	893,840
Management and general.....	309,993	-	309,993
TOTAL SUPPORTING SERVICES	1,233,486	-	1,233,486
TOTAL EXPENSES	3,785,138	-	3,785,138
CHANGE IN NET ASSETS	833,277	-	833,277
Net assets, beginning of year.....	10,432,211	-	10,432,211
Net assets, end of year.....	\$ 11,265,488	\$ -	\$ 11,265,488

SOARING EAGLE, A PUBLIC CHARITY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services			Support Services			Total
	Heritage Living Center	Education	Total Program Expenses	Annuity Administration	Fundraising	Management and General	
Salaries.....	\$ 860,100	\$ 6,969	\$ 867,069	\$ 21,073	\$ 106,583	\$ 54,629	\$ 1,049,354
Payroll taxes and employee benefits	610,091	1,575	611,666	4,764	24,094	12,349	652,873
Newsletters.....	-	24,571	24,571	-	-	-	24,571
Occupancy.....	137,275	412	137,687	1,246	6,304	3,231	148,468
Travel and entertainment.....	40,959	-	40,959	-	-	16,403	57,362
Staff development.....	7,705	-	7,705	-	-	-	7,705
Resident recreation.....	26,243	-	26,243	-	-	-	26,243
Licenses and fees.....	5,336	-	5,336	4,693	-	16,501	26,530
Marketing.....	6,769	-	6,769	-	-	-	6,769
Professional fees.....	36,520	12,300	48,820	-	92,345	116,542	257,707
Postage.....	2,389	124,724	127,113	-	263,907	35,277	426,297
Printing.....	-	229,706	229,706	-	286,343	11,551	527,600
Dues and subscriptions.....	1,160	-	1,160	-	-	-	1,160
Supplies.....	11,053	-	11,053	-	-	4,235	15,288
Food.....	119,771	-	119,771	-	-	-	119,771
Repairs and maintenance.....	74,398	-	74,398	-	-	49,764	124,162
Database management.....	-	-	-	-	47,224	-	47,224
Interest expense.....	-	-	-	-	-	5,066	5,066
Insurance.....	3,037	-	3,037	-	-	6,358	9,395
Depreciation.....	327,360	-	327,360	-	-	13,546	340,906
Other expense.....	12,055	-	12,055	-	116	9,089	21,260
Bad debt.....	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 2,282,221	\$ 400,257	\$ 2,682,478	\$ 31,776	\$ 826,916	\$ 354,541	\$ 3,895,711

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

SOARING EAGLE, A PUBLIC CHARITY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services			Support Services			Total
	Heritage Living Center	Education	Total Program Expenses	Annuity Administration	Fundraising	Management and General	
Salaries.....	\$ 844,400	\$ 7,743	\$ 852,143	\$ 22,048	\$ 116,159	\$ 60,770	\$ 1,051,120
Payroll taxes and employee benefits	547,186	1,509	548,695	4,297	22,640	11,844	587,476
Newsletters.....	-	23,279	23,279	-	-	-	23,279
Occupancy.....	137,786	472	138,258	1,344	7,081	3,704	150,387
Travel and entertainment.....	33,312	-	33,312	-	-	17,886	51,198
Staff development.....	10,052	-	10,052	-	-	-	10,052
Resident recreation.....	28,401	-	28,401	-	-	-	28,401
Licenses and fees.....	2,902	-	2,902	1,964	-	15,943	20,809
Marketing.....	8,960	-	8,960	-	-	-	8,960
Professional fees.....	33,371	12,300	45,671	-	148,100	107,659	301,430
Postage.....	2,355	124,724	127,079	-	263,907	27,676	418,662
Printing.....	-	229,706	229,706	-	286,343	8,120	524,169
Dues and subscriptions.....	1,180	-	1,180	-	-	-	1,180
Supplies.....	12,945	-	12,945	-	-	3,679	16,624
Food.....	115,499	-	115,499	-	-	-	115,499
Repairs and maintenance.....	63,640	-	63,640	-	-	25,398	89,038
Database management.....	-	-	-	-	49,610	-	49,610
Interest expense.....	-	-	-	-	-	5,066	5,066
Insurance.....	3,230	-	3,230	-	-	3,122	6,352
Depreciation	302,193	-	302,193	-	-	13,546	315,739
Other expense.....	376	-	376	-	-	5,580	5,956
Bad debt.....	4,131	-	4,131	-	-	-	4,131
TOTAL EXPENSES	\$ 2,151,919	\$ 399,733	\$ 2,551,652	\$ 29,653	\$ 893,840	\$ 309,993	\$ 3,785,138

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

SOARING EAGLE, A PUBLIC CHARITY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

2019 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ 3,812,538	\$ 833,277
 <u>Adjustments to reconcile change in net assets to net cash provided by operating activities:</u>		
Depreciation.....	340,906	315,739
Bad debt expense.....	-	4,131
Net realized and unrealized gain on investments.....	(355,740)	(352,936)
Net loss on gift annuities.....	19,206	24,217
Proceeds from donated stock.....	(1,586,604)	(547,606)
 <u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	393	(6,708)
Bequests receivable.....	(2,094,844)	362,683
Other current assets.....	(878)	(29,748)
Accounts payable and accrued expenses.....	24,829	16,533
Charitable gift annuity obligations.....	(26,275)	(41,426)
NET CASH PROVIDED BY OPERATING ACTIVITIES	133,531	578,156

CASH FLOWS FROM INVESTING ACTIVITIES:

Change in cash and cash equivalents used in investments.....	161,213	(16,236)
Change in cash and cash equivalents used in investments for charitable gift annuities.....	(18,095)	(99,394)
Purchases of investments.....	(2,846,722)	(6,384,094)
Proceeds from sales of investments.....	2,814,412	6,095,272
Purchases of property and equipment.....	(299,188)	(110,522)
NET CASH USED IN INVESTING ACTIVITIES	(188,380)	(514,974)

CASH FLOWS USED IN FINANCING ACTIVITIES:

Repayments of capital lease obligation.....	(4,900)	(20,953)
NET CHANGE IN CASH	(59,749)	42,229

Cash and cash equivalents, beginning of year.....	195,751	153,522
Cash and cash equivalents, end of year.....	<u>\$ 136,002</u>	<u>\$ 195,751</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest.....	<u>\$ 5,066</u>	<u>\$ 5,066</u>
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SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Soaring Eagle, A Public Charity ("Soaring Eagle") is presented to assist in understanding Soaring Eagle's financial statements. The financial statements and notes are representations of Soaring Eagle's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization:

Soaring Eagle was formed in 1997 as a nonprofit corporation with the objective of building and operating a nondiscriminatory assisted living facility, with an adjoining adult daycare center located outside the Cheyenne Indian Reservation in Ashland, Montana. These financial statements include the following operations:

- Soaring Eagle's - Heritage Living Center;
- Soaring Eagle's - Fundraising Operation; and
- Soaring Eagle's - Annuity Administration Fund

In August 2002, Soaring Eagle began operating an assisted care facility called the Heritage Living Center. The Heritage Living Center serves the elderly and disabled population of Ashland, Montana and the surrounding area of the Northern Cheyenne Indian Reservation. This is the only licensed assisted living facility within 100 miles of the Northern Cheyenne Indian Reservation. The facility provides personal care, meals, laundry, medical transportation, and opportunities for group socialization. The facility has 40 units to accommodate residents with varying levels of need.

The Soaring Eagle Fundraising Operation has the primary objective of raising funds for the operation maintenance and future expansion of the Heritage Living Center. Additionally, the Fundraising Operation engages in cultural and historical activities, namely to record the heritage of Northern Cheyenne people. This includes the preparation of audio tapes, translations, and transcriptions of legends, oral history, and traditions of the tribe. Costs related to this work have been classified as program services under the caption education.

The Soaring Eagle Annuity Administration Fund operates the planned giving and charitable gift annuity program administration. This program provides for the financial administration of annuity reserves and processing payments to the annuitants according to the terms of each agreement. The net income earned from the annuities provides funding for the operations of the Heritage Living Center.

Income Tax Status:

Soaring Eagle is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required. Soaring Eagle evaluated its activities for uncertain tax positions and determined that there were no uncertain tax positions for 2019 and 2018. Soaring Eagle files an IRS Form 990 that is subject to review and examination by federal, state, and local taxing authorities. Soaring Eagle has determined that it has registered in all states where it is required to be registered.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting:

The books of accounts are maintained on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

New Accounting Pronouncement:

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The FASB is a private, non-profit organization standard-setting body whose primary purpose is to establish and improve U.S. GAAP. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Soaring Eagle has adjusted the presentation of these statements accordingly.

Basis of Presentation:

Soaring Eagle is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions, which are defined as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of Soaring Eagle and/or the passage of time. When a restriction expires, these net assets are reclassified annually to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Soaring Eagle did not have any funds that were stipulated by the donor to be maintained in perpetuity as of June 30, 2019 and 2018.

Cash Equivalents:

Soaring Eagle considers all cash in demand deposit accounts, money market savings, treasury bills and certificates of deposit with original maturities of ninety days or less to be cash equivalents. These balances do not include cash or cash equivalents held in the investment accounts, which are included as a component of investments.

Fair Value Measurement:

Investments are stated at fair value. Fair value is defined as 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. A fair value hierarchy is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The fair value hierarchy is categorized into three levels (see Note 2).

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment:

Property and equipment are stated at cost, if purchased, or fair value, if contributed. Maintenance and repairs are charged to expense and betterments of \$1,000 or more are capitalized. Depreciation is computed using the straight line method over each asset's estimated useful life or the shorter of the lease term. Estimated useful lives are as follows:

Buildings and building improvements.....	15 - 25 years
Furniture and equipment.....	5 - 15 years
Automotive.....	5 - 8 years

Contributions:

Contributions and grants received are recorded as either an increase in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions and grants are recognized as revenue when pledged. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Legacies and Bequests Revenue and Receivables:

Soaring Eagle generally reports legacies and bequests available for unrestricted use during the year received unless specifically restricted by the donor. Soaring Eagle applies the following procedures regarding revenue recognition of the bequests and legacies:

In instances where the value of the estate is made available to Soaring Eagle, assets and revenue are recorded on the books in the amount of the estimated fair market value, net of estimated fees and estate taxes. The collectability of the bequest receivable balance is evaluated on an annual basis and the balance is adjusted accordingly to reflect any fluctuations in the market value. Bequests and legacies revenue is presented net of revised realization estimates of bequest revenues recorded in prior years.

In instances where Soaring Eagle has been notified that they will be receiving a bequest, however the value of the bequeathed estate is not known and cannot be reasonably estimated as of the statement of financial position date, revenue is recorded at such time as the amount of the bequest is estimable. Most bequests are settled within two years; as such no discount has been provided to fair value such bequests to current value. In addition, all legacies and bequests receivable with donor restriction for time restricted purposes have been recorded and presented in the financial statements at present value.

Resident Income:

Resident income is recognized on a monthly basis based on the number of individuals residing in the Heritage Living Center.

Accounts Receivable:

Soaring Eagle considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due as completely unlikely. Soaring Eagle closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. At June 30, 2019 and 2018, management established an allowance for doubtful accounts of \$4,939 and \$1,400, respectively.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services:

Soaring Eagle benefits from volunteer services in program and administrative duties from Board members and other volunteers. Even though these donated services are valuable to Soaring Eagle, and help to advance Soaring Eagle's mission, no amounts have been reflected in the financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the financial statements under accounting principles generally accepted in the United States of America, nor do they create or enhance non-financial assets.

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon an analysis of personnel time and space utilized for the related activities. The direct cost of providing the programs have all been allocated to program services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Soaring Eagle.

Compensated Absences:

Pursuant to the policies and procedures manual implemented by Soaring Eagle, sick time and vacation time is accumulated on an ongoing basis and may not exceed maximum thresholds set within the policy. At June 30, 2019 and 2018, the accrued sick/vacation obligation was \$69,075 and \$64,266, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

Use of Estimates:

The presentation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Events Occurring After the Report Date:

Soaring Eagle has evaluated events and transactions that occurred between July 1, 2019 and October 16, 2019 which is the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 - INVESTMENTS

Soaring Eagle presents investments in the statements of financial position at fair value. A fair value hierarchy has been established based on the observability of inputs to the evaluation of an asset or liability as of the measurement date. The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value levels (Level 1, 2, and 3).

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - INVESTMENTS (continued)

- Level 1: Level 1 instruments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that Soaring Eagle has the ability to access at the measurement date.
- Level 2: Level 2 instruments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities.
- Level 3: Level 3 instruments are valued using valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Because Level 3 fair values, by their nature, contain unobservable market inputs as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent Soaring Eagle's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

The following tables set forth by level, within the fair value hierarchy, Soaring Eagle's investments at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Stocks.....	\$ 6,445,645	\$ -	\$ -	\$ 6,445,645
Mutual funds.....	67,831	-	-	67,831
Fixed income	417,602	900,831	-	1,318,433
Other assets	1,265,461	-	-	1,265,461
Total investments at fair value	\$ 8,196,539	\$ 900,831	\$ -	\$ 9,097,370

As of June 30, 2019, \$2,038,232 of the investments represent the charitable gift annuities. Of this amount, \$1,737,401 are Level 1 investments because they are comprised of stocks and other assets and \$300,831 are Level 2 investments.

The following tables set forth by level, within the fair value hierarchy, Soaring Eagle's investments at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Stocks.....	\$ 4,825,190	\$ -	\$ -	\$ 4,825,190
Mutual funds.....	75,485	-	-	75,485
Fixed income	347,560	699,154	-	1,046,714
Other assets	1,318,445	-	-	1,318,445
Total investments at fair value	\$ 6,566,680	\$ 699,154	\$ -	\$ 7,265,834

As of June 30, 2018, \$1,888,987 of the investments represent the charitable gift annuities. Of this amount, \$1,689,842 are Level 1 investments because they are comprised of stocks and other assets and \$199,145 are Level 2 investments.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - INVESTMENTS (continued)

The fair and historic values of the Soaring Eagle's investments by major security type are as follows at June 30, 2019:

	Fair Value	Historical Cost
Stocks	\$ 6,445,645	\$ 5,828,136
Mutual funds.....	67,831	65,375
Fixed income	1,318,433	1,300,204
Other assets	1,265,461	1,265,461
Total investments	<u>\$ 9,097,370</u>	<u>\$ 8,459,176</u>

The fair and historic values of the Soaring Eagle's investments by major security type are as follows at June 30, 2018:

	Fair Value	Historical Cost
Stocks	\$ 4,825,190	\$ 4,417,234
Mutual funds	75,485	68,279
Fixed income	1,046,714	1,051,115
Other assets	1,318,445	1,326,807
Total investments	<u>\$ 7,265,834</u>	<u>\$ 6,863,435</u>

Soaring Eagle invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the accompanying statements of financial position.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment balances consisted of the following at June 30,:

	2019	2018
Land.....	\$ 507,274	\$ 507,274
Buildings and building improvements	7,072,987	6,836,851
Furniture and equipment.....	674,441	626,365
Automotive	122,848	122,848
Total property and equipment	<u>8,377,550</u>	<u>8,093,338</u>
Less: accumulated depreciation	(4,891,770)	(4,564,410)
Add: historical artifacts	36,180	34,750
Net property and equipment.....	<u>\$ 3,521,960</u>	<u>\$ 3,563,678</u>

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 4 - SPLIT INTEREST AGREEMENTS

Assets related to charitable gift annuity program are held in a segregated investment fund, at fair value. The actuarial liability related to the charitable gift annuity agreements is reflected as charitable gift annuity obligations in the accompanying statements of financial position. The actuarial liability related to the charitable gift annuity program is calculated using the Annuity 2000 mortality table and an assumed discount rate of 5%. Income from new annuity contracts is recorded as income at net present value, net of any future obligations of Soaring Eagle. The following schedule reconciles the annual activity of the gift annuity program for the years ended June 30,:

	2019	2018
Gift annuity obligations, beginning of year	\$ 379,950	\$ 397,159
New annuity contracts	76,000	40,000
Less: income portion.....	(42,795)	(20,610)
Less: payments to annuitants	(69,255)	(52,970)
Less: actuarial gain on terminating contracts.....	(29,268)	(22,390)
Actuarial loss on remaining contracts.....	58,249	38,761
Gift annuity obligations, end of year.....	\$ 372,881	\$ 379,950

NOTE 5 - BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions include \$93,220 and \$94,988 of board designated net assets as of June 30, 2019 and 2018, respectively. Board designated net assets represent reserves set aside to serve as an additional reserve against unexpected actuarial losses on the charitable gift annuities. The board has established a reserve at 25% of the charitable gift annuity obligations at year-end.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Soaring Eagle had donor-imposed time restricted net assets during the years ending June 30,:

2020.....	\$ 18,140
2021.....	17,280
2022.....	16,450
2023.....	15,670
2024.....	14,920
Thereafter.....	40,640
Total.....	\$ 123,100

NOTE 7 - PENSION PLAN

Soaring Eagle has a savings incentive matching plan for employees of small employers (SIMPLE) for all employees who earn at least \$5,000 in compensation for the calendar year. Contributions by eligible employees may make salary reduction elections or modify prior elections monthly. Soaring Eagle matches up to 3% of employee's compensation. The total pension contributions for the years ended June 30, 2019 and 2018 was \$18,579 and \$27,825, respectively.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 8 - CONCENTRATIONS OF RISK

Throughout the year, Soaring Eagle has cash or deposits with financial institutions that are in excess of Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. Management considers the possible risk of loss related to cash deposits concentrations to be low as cash is believed to be held in financially sound institutions.

NOTE 9 - JOINT COSTS

Soaring Eagle derives its public support from direct mail solicitations. During fiscal 2018, Soaring Eagle began soliciting contributions online. Direct mail and online solicitations involve two distinct functions that are reported separately in the financial statements. The following schedule details total joint costs related to direct mail and online solicitations for the years ended June 30,:

	<u>2019</u>	<u>2018</u>
Fundraising.....	\$ 826,916	\$ 893,840
Program awareness	400,257	399,733
Total joint costs	<u>\$ 1,227,173</u>	<u>\$ 1,293,573</u>

The fundraising function includes the cost of developing, producing, and processing mail appeals to current donors on the internal mailing lists of Soaring Eagle as well as sending an initial mailing to persons who have not previously contributed or are no longer actively participating in the house mailings of Soaring Eagle. The program awareness function includes costs of developing, producing, and processing newsletters and mailings in order to promote the activities and accomplishments of Soaring Eagle's programs throughout the year.

NOTE 10 - LEASED EMPLOYEES

Soaring Eagle has a year-to-year contract with Avitus Group ("Avitus"), a professional employer organization for leased employees. Avitus provides comprehensive human resource services to Soaring Eagle and is responsible for personnel, administrative, and benefits management functions, as well as payroll processing and website development. Since Avitus is the employer of record for all employees assigned to Soaring Eagle, employees are included in the Avitus quarterly Internal Revenue Service Form 941, respective state filings, as well as workers' compensation.

SOARING EAGLE, A PUBLIC CHARITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents Soaring Eagle's financial assets at June 30,:

Financial assets at year-end:	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 136,002	\$ 195,751
Investments	7,059,138	5,376,847
Accounts receivable, net of allowance for doubtful accounts.....	9,620	10,013
Current portion of bequests receivable.....	2,781,550	809,806
Other current assets.....	65,109	64,231
Total financial assets	10,051,419	6,456,648
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 10,051,419</u>	<u>\$ 6,456,648</u>

Soaring Eagle's goal is generally to maintain financial assets to meet ninety days of operating expenses. (approximately \$876,000).