



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

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022



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SOARING EAGLE, A PUBLIC CHARITY

*FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
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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

Opinion

We have audited the 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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Soaring Eagle as of June 30, 2023 and 2022, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Soaring Eagle and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Soaring Eagle's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Soaring Eagle's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Covini & Associates LLP

Bohemia, New York
April 24, 2024

SOARING EAGLE, A PUBLIC CHARITY

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

2023 **2022**

ASSETS

Current Assets:

Cash and cash equivalents.....	\$ 299,762	\$ 479,782
Investments	10,450,729	10,338,431
Current portion of investments held for charitable gift annuities.....	54,866	50,413
Accounts receivable.....	1,595	1,055
Current portion of bequests receivable.....	95,050	27,180
Insurance reimbursement receivable.....	2,536,969	-
Other current assets.....	107,734	78,599
TOTAL CURRENT ASSETS	13,546,705	10,975,460
Investments held for charitable gift annuities, net of current portion.....	2,578,810	2,367,430
Bequests receivable, net of current portion and present value discount.....	67,540	82,460
Property and equipment, net of accumulated depreciation.....	4,647,842	3,774,675
TOTAL ASSETS	\$ 20,840,897	\$ 17,200,025

LIABILITIES AND NET ASSETS

Current Liabilities:

Current portion of charitable gift annuity obligations.....	\$ 54,866	\$ 50,413
Accounts payable and accrued expenses.....	2,168,309	239,329
TOTAL CURRENT LIABILITIES	2,223,175	289,742
Charitable gift annuity obligations, net of current portion.....	262,354	251,025
TOTAL LIABILITIES	2,485,529	540,767

Net Assets:

Without donor restrictions:		
Undesignated.....	18,189,473	16,482,388
Board designated.....	79,305	75,360
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	18,268,778	16,557,748
With donor restrictions.....	86,590	101,510
TOTAL NET ASSETS	18,355,368	16,659,258
TOTAL LIABILITIES AND NET ASSETS	\$ 20,840,897	\$ 17,200,025

SOARING EAGLE, A PUBLIC CHARITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 4,323,720	\$ -	\$ 4,323,720
Legacies and bequests.....	346,051	5,080	351,131
Charitable gift annuities.....	34,483	-	34,483
Actuarial loss on gift annuities	(36,321)	-	(36,321)
Investment gain.....	1,084,636	-	1,084,636
Other income.....	59,519	-	59,519
Net assets released from restrictions.....	20,000	(20,000)	-
TOTAL SUPPORT AND REVENUE	5,832,088	(14,920)	5,817,168
EXPENSES			
Program Services:			
Heritage Living Center.....	3,453,121	-	3,453,121
Education.....	440,383	-	440,383
TOTAL PROGRAM SERVICES	3,893,504	-	3,893,504
Supporting Services:			
Annuity administration.....	40,459	-	40,459
Fundraising.....	883,104	-	883,104
Management and general.....	490,847	-	490,847
TOTAL SUPPORTING SERVICES	1,414,410	-	1,414,410
TOTAL EXPENSES	5,307,914	-	5,307,914
CHANGE IN NET ASSETS FROM OPERATIONS	524,174	(14,920)	509,254
NON-OPERATING REVENUE			
Net insurance proceeds.....	1,186,856	-	1,186,856
CHANGE IN NET ASSETS	1,711,030	(14,920)	1,696,110
Net assets, beginning of year.....	16,557,748	101,510	16,659,258
Net assets, end of year.....	\$ 18,268,778	\$ 86,590	\$ 18,355,368

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

SOARING EAGLE, A PUBLIC CHARITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 4,206,646	\$ -	\$ 4,206,646
Legacies and bequests.....	219,203	4,840	224,043
Charitable gift annuities.....	5,647	-	5,647
Actuarial loss on gift annuities	(10,909)	-	(10,909)
Investment loss.....	(1,120,659)	-	(1,120,659)
Other income.....	47,226	-	47,226
Net assets released from restrictions.....	19,050	(19,050)	-
TOTAL SUPPORT AND REVENUE	3,366,204	(14,210)	3,351,994
EXPENSES			
Program Services:			
Heritage Living Center.....	2,833,565	-	2,833,565
Education.....	470,802	-	470,802
TOTAL PROGRAM SERVICES	3,304,367	-	3,304,367
Supporting Services:			
Annuity administration.....	35,941	-	35,941
Fundraising.....	970,150	-	970,150
Management and general.....	432,908	-	432,908
TOTAL SUPPORTING SERVICES	1,438,999	-	1,438,999
TOTAL EXPENSES	4,743,366	-	4,743,366
CHANGE IN NET ASSETS FROM OPERATIONS	(1,377,162)	(14,210)	(1,391,372)
NON-OPERATING REVENUE			
Net insurance proceeds.....	-	-	-
CHANGE IN NET ASSETS	(1,377,162)	(14,210)	(1,391,372)
Net assets, beginning of year.....	17,934,910	115,720	18,050,630
Net assets, end of year.....	\$ 16,557,748	\$ 101,510	\$ 16,659,258

SOARING EAGLE, A PUBLIC CHARITY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services				Total Expenses
	Heritage Living Center	Education	Total Program Services	Annuity Administration	Fundraising	Management and General	Total Supporting Services	
Salaries.....	\$ 1,666,025	\$ 9,391	\$ 1,675,416	\$ 32,039	\$ 155,284	\$ 82,944	\$ 270,267	\$ 1,945,683
Payroll taxes and employee benefits	821,553	1,242	822,795	4,232	20,509	10,957	35,698	858,493
Newsletters.....	-	30,835	30,835	-	-	-	-	30,835
Occupancy.....	194,884	449	195,333	1,531	7,416	3,961	12,908	208,241
Travel and entertainment.....	48,001	-	48,001	-	-	49,752	49,752	97,753
Staff development.....	6,843	-	6,843	-	-	-	-	6,843
Resident recreation.....	31,098	-	31,098	-	-	-	-	31,098
Licenses and fees.....	4,228	-	4,228	2,657	-	36,240	38,897	43,125
Marketing.....	7,110	-	7,110	-	-	-	-	7,110
Professional fees.....	58,461	-	58,461	-	41,999	155,411	197,410	255,871
Postage.....	406	154,428	154,834	-	239,324	39,389	278,713	433,547
Printing.....	-	244,038	244,038	-	365,698	11,112	376,810	620,848
Dues and subscriptions.....	-	-	-	-	-	-	-	-
Supplies.....	8,417	-	8,417	-	-	11,176	11,176	19,593
Food.....	142,435	-	142,435	-	-	-	-	142,435
Repairs and maintenance.....	97,640	-	97,640	-	-	73,950	73,950	171,590
Database management.....	168	-	168	-	52,874	-	52,874	53,042
Insurance.....	5,600	-	5,600	-	-	7,545	7,545	13,145
Depreciation.....	328,470	-	328,470	-	-	-	-	328,470
Other expense.....	31,782	-	31,782	-	-	8,410	8,410	40,192
TOTAL EXPENSES	\$ 3,453,121	\$ 440,383	\$ 3,893,504	\$ 40,459	\$ 883,104	\$ 490,847	\$ 1,414,410	\$ 5,307,914

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, 2022

	Program Services			Supporting Services				Total Expenses
	Heritage Living Center	Education	Total Program Services	Annuity Administration	Fundraising	Management and General	Total Supporting Services	
Salaries.....	\$ 1,319,348	\$ 9,309	\$ 1,328,657	\$ 27,963	\$ 144,939	\$ 76,136	\$ 249,038	\$ 1,577,695
Payroll taxes and employee benefits	566,589	1,422	568,011	4,275	22,162	11,638	38,075	606,086
Newsletters.....	-	20,667	20,667	-	-	-	-	20,667
Occupancy.....	178,606	425	179,031	1,278	6,626	3,481	11,385	190,416
Travel and entertainment.....	36,234	-	36,234	-	-	10,830	10,830	47,064
Staff development.....	13,167	-	13,167	-	-	-	-	13,167
Resident recreation.....	65,216	-	65,216	-	-	-	-	65,216
Licenses and fees.....	2,277	-	2,277	2,425	-	20,663	23,088	25,365
Marketing.....	7,210	-	7,210	-	-	-	-	7,210
Professional fees.....	33,134	-	33,134	-	31,268	158,820	190,088	223,222
Postage.....	1,501	202,691	204,192	-	351,872	37,283	389,155	593,347
Printing.....	-	236,288	236,288	-	357,088	22,096	379,184	615,472
Dues and subscriptions.....	1,180	-	1,180	-	-	-	-	1,180
Supplies.....	8,086	-	8,086	-	-	10,520	10,520	18,606
Food.....	134,017	-	134,017	-	-	-	-	134,017
Repairs and maintenance.....	104,042	-	104,042	-	-	72,811	72,811	176,853
Database management.....	-	-	-	-	56,195	-	56,195	56,195
Insurance.....	6,423	-	6,423	-	-	1,309	1,309	7,732
Depreciation	347,659	-	347,659	-	-	578	578	348,237
Other expense.....	8,876	-	8,876	-	-	6,743	6,743	15,619
TOTAL EXPENSES	\$ 2,833,565	\$ 470,802	\$ 3,304,367	\$ 35,941	\$ 970,150	\$ 432,908	\$ 1,438,999	\$ 4,743,366

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,**

2023 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ 1,696,110	\$ (1,391,372)
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities:</u>		
Depreciation.....	328,470	348,237
Net realized and unrealized (gain)/loss on investments.....	(769,427)	1,376,871
Net loss on gift annuities.....	36,321	10,909
Proceeds from donated stock.....	(6,429)	(149,312)
Loss on disposal of property and equipment.....	2,516,223	-
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	(540)	(555)
Bequests receivable.....	(52,950)	466,695
Insurance reimbursement receivable.....	(2,536,969)	-
Other current assets.....	(29,135)	291
Accounts payable and accrued expenses.....	1,928,980	(21,404)
Charitable gift annuity obligations.....	15,782	(38,388)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,126,436	601,972

CASH FLOWS FROM INVESTING ACTIVITIES:

Change in cash and cash equivalents used in investments.....	484,378	(169,670)
Change in cash and cash equivalents used in investments for charitable gift annuities.....	(162,351)	(49,725)
Purchases of investments.....	(4,409,516)	(4,349,935)
Proceeds from sales of investments.....	4,498,893	4,103,334
Purchases of property and equipment.....	(3,730,700)	(335,964)
Disposals of property and equipment.....	12,840	-
NET CASH USED IN INVESTING ACTIVITIES	(3,306,456)	(801,960)

NET CHANGE IN CASH (180,020) (199,988)

Cash and cash equivalents, beginning of year.....	479,782	679,770
Cash and cash equivalents, end of year.....	<u>\$ 299,762</u>	<u>\$ 479,782</u>

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Soaring Eagle, A Public Charity (hereinafter "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 ("U.S. GAAP") 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 60 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 and senior services to the tribal and local community. 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 the years ended June 30, 2023 and 2022. Soaring Eagle files an Internal Revenue Service ("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, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Revenue Recognition:

Soaring Eagle adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, Accounting Standards Codification ("ASC") 606), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of non-financial assets. Soaring Eagle's services that fall within the scope of ASC 606 are presented within support and revenue from other income and is recognized as revenue as Soaring Eagle satisfies its obligations to its consumers.

Soaring Eagle also adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 amends ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU were intended to assist entities in (i) evaluating whether (reciprocal) transactions subject to other guidance (i.e. ASC 606) and (ii) determining whether a contribution is conditional. Soaring Eagle has determined that there is no impact to the financial statements as a result of this ASU.

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, 2023 and 2022.

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.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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:

Soaring Eagle recognizes contributions when donors make promises to give to Soaring Eagle that are, in substance, unconditional. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions are accounted for as liabilities or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point contributions are recognized as unconditional and classified as either net assets with donor restrictions or without donor restrictions.

Legacies and Bequests Revenue and Receivables:

Soaring Eagle generally reports legacies and bequests available for use without donor restrictions 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 bequests 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 it will be receiving a bequest, but 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.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The discounts to the present value on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Resident Income:

Resident income is recognized on a monthly basis based on the number of individuals residing in the Heritage Living Center. Management has temporarily suspended rental payments as of September 1, 2020 due to the hardships and sacrifices due to the COVID-19 pandemic. This suspension was still in effect through the report date.

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. As of June 30, 2023 and 2022, management considered all receivables to be fully collectable and as such, no allowance for doubtful accounts has been provided for.

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 U.S. GAAP, 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 by management among the program services and supporting services categories. The direct cost of providing the programs have all been allocated to program services. Agency administration 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. Those costs that cannot be directly assigned to a category are allocated based upon reasonable allocation methodologies, the most significant of which are:

- Salaries are allocated based on an estimate of time spent on program and supporting services.
- Payroll taxes and employee benefits are allocated based upon salary allocations.
- Postage and printing are allocated based on an analysis of appeals activity.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022, the accrued sick and vacation obligation was \$135,823 and \$76,652, 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 U.S. GAAP 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, 2023 and April 24, 2024, 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).

- 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.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - INVESTMENTS (continued)

The following table, set forth by level within the fair value hierarchy, represents Soaring Eagle's investments at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks.....	\$ 9,959,863	\$ -	\$ -	\$ 9,959,863
Mutual funds.....	22,243	-	-	22,243
Fixed income	582,857	1,544,757	-	2,127,615
Other assets	974,684	-	-	974,684
Total investments at fair value	<u>\$ 11,539,647</u>	<u>\$ 1,544,757</u>	<u>\$ -</u>	<u>\$ 13,084,405</u>

As of June 30, 2023, \$2,633,676 of investments represented charitable gift annuities. Of this amount, \$2,483,676 are Level 1 investments because they are comprised of stocks and other assets and \$150,000 are Level 2 investments because they are certificates of deposit.

The following table, set forth by level within the fair value hierarchy, represents Soaring Eagle's investments at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks.....	\$ 9,000,735	\$ -	\$ -	\$ 9,000,735
Mutual funds.....	20,329	-	-	20,329
Fixed income	788,241	1,650,259	-	2,438,500
Other assets	1,296,710	-	-	1,296,710
Total investments at fair value	<u>\$ 11,106,015</u>	<u>\$ 1,650,259</u>	<u>\$ -</u>	<u>\$ 12,756,274</u>

As of June 30, 2022, \$2,417,843 of investments represented charitable gift annuities. Of this amount, \$2,117,843 are Level 1 investments because they are comprised of stocks and other assets and \$300,000 are Level 2 investments because they are certificates of deposit.

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.

SOARING EAGLE, A PUBLIC CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 - PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Land.....	\$ 507,274	\$ 507,274
Buildings and building improvements	7,931,040	8,217,033
Furniture and equipment.....	484,966	748,589
Automotive	184,848	184,848
Total property and equipment	9,108,128	9,657,744
Less: accumulated depreciation	(4,498,191)	(5,920,878)
Add: historical artifacts	37,905	37,809
Net property and equipment.....	<u>\$ 4,647,842</u>	<u>\$ 3,774,675</u>

NOTE 4 - SPLIT INTEREST AGREEMENTS

Assets related to the 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,:

	<u>2023</u>	<u>2022</u>
Gift annuity obligations, beginning of year	\$ 301,438	\$ 339,826
New annuity contracts	65,000	10,000
Less: income portion.....	(34,483)	(5,747)
Less: payments to annuitants	(50,513)	(3,658)
Less: actuarial gain on terminating contracts.....	(3,625)	(28,993)
Actuarial loss/(gain) on remaining contracts	39,403	(9,990)
Gift annuity obligations, end of year.....	<u>\$ 317,220</u>	<u>\$ 301,438</u>

NOTE 5 - BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions include \$79,305 and \$75,360 of board designated net assets as of June 30, 2023 and 2022, respectively. Board designated net assets represent reserves set aside to serve as additional reserves 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Soaring Eagle had donor-imposed time restricted net assets that will be released as follows during the years ending June 30,:

2024.....	\$	20,000
2025.....		20,000
2026.....		20,000
2027.....		20,000
2028.....		20,000
Less: discount to net present value		(13,410)
Total.....	<u>\$</u>	<u>86,590</u>

NOTE 7 - PENSION PLAN

Soaring Eagle has a savings incentive matching plan for employees of small employers 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, 2023 and 2022 was \$43,986 and \$17,173, respectively.

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 and investments are believed to be held in financially-sound institutions.

NOTE 9 - JOINT COSTS

Soaring Eagle derives its public support from direct mail solicitations. During the year ended June 30, 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>2023</u>	<u>2022</u>
Fundraising	\$ 605,022	\$ 708,960
Program awareness	440,383	470,802
Total joint costs	<u>\$ 1,045,405</u>	<u>\$ 1,179,762</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 initial mailings 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 10 - LEASED EMPLOYEES

Soaring Eagle has a year-to-year contract with Avitus Group, which merged with VensureHR ("Vensure"), a professional employer organization for leased employees, during the year ended June 30, 2021. Vensure 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 Vensure is the employer of record for all employees assigned to Soaring Eagle, employees are included in the Vensure quarterly IRS Form 941, respective state filings, as well as workers' compensation.

NOTE 11 - AVAILABILITY AND LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 299,762	\$ 479,782
Investments	10,450,729	10,338,431
Accounts receivable	1,595	1,055
Current portion of bequests receivable	95,050	27,180
Insurance reimbursement receivable	2,536,969	-
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,384,105</u>	<u>\$ 10,846,448</u>

Soaring Eagle's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately \$1,228,000).

NOTE 12 - FLOOD

On February 2, 2023, the Heritage Living Center suffered water damage to two separate wings of its residential building, which affected thirty-two residential apartments and several common areas. This led to extensive repair work that began during the first quarter of 2023 and continued subsequent to the fiscal year ended June 30, 2023. Work continues on the water and fire suppression systems to prevent the same issue from happening again, along with other cosmetic changes to match the former look.

Soaring Eagle evaluated the damage and costs incurred as a result of the flood and submitted an insurance claim for \$2,874,576, net of a \$5,000 deductible. The claim included the loss of property and equipment of \$2,297,842, net of \$218,381 of depreciation expense, and flood emergency related expenses and residents' personal property of \$576,734. The insurance claim is reported net of flood-related capital and emergency expenses of \$1,687,720 on the accompanying statement of activities for the year ended June 30, 2023. During the year ended June 30, 2023, Soaring Eagle received payments from insurance for \$337,607, and reported \$2,536,969 as insurance reimbursement receivable on the accompanying statement of financial position. Subsequent to year end, Soaring Eagle received full payment on the insurance reimbursement receivable.