

BOLDER OPTIONS

FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018

BOLDER OPTIONS

ORGANIZATION

Date Organized	May 1998
Under Laws of State of	Minnesota
Fiscal Year End	December 31

OFFICERS, DIRECTORS, AND MANAGEMENT

Brad Becker	President/CEO ONB Bank Rochester	Director
Ann Bentsdahl	Retired Community Leader	Director
Scott Broberg	SVP, Fast Horse	Director
Betsy Buckley	Founder and President, What Matters	Director
Lou Close	SVP - Inv Advisory & Brokerage Svcs, UBS Financial Svcs	Director
Bill Gaumont	Chief Financial Officer, Allianz	Finance Chair
Ray Hawes	Retired	Director
Samantha Heaton	Attorney, Winthrop & Winstine	Secretary
Ray Hitchcock	Realtor, Edina Realty	Director
Dave Jones	Retired	Development Chair
Crawford Jordan	Director, Express Scripts	Director
Deb LaMere	Vice President Human Resources, Ceridian	Director
Jorge Lomeli	AVP Oper, Federal Reserve Bank of Minneapolis	Director
Chandler McCoy	President, M & A Executive Search	Director
John McCormick	Chief Operations Officer, Braun Intertec	Vice Chair
Jessica Roe	Attorney, Roe Law Group, PLLC	Director
Maggie Romens	President of Brand Enhancement Group Chairman and CEO, Manchester	Director
Mark Sheffert	Companies	Chair
Rodney Young	CEO, Delta Dental of Minnesota	Director
Darrell Thompson	President, Bolder Options	Ex-Officio

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bolder Options
Minneapolis, Minnesota

We have audited the accompanying financial statements of Bolder Options (a nonprofit organization), which comprise the statements of financial position as of December 31, 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.

Auditor's Responsibility

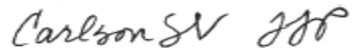
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 on the previous page present fairly, in all material respects, the financial position of Bolder Options as of December 31, 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.

A handwritten signature in dark ink, appearing to read "Carlson SV JH". The signature is written in a cursive, flowing style.

Amery, Wisconsin

July 24, 2020

BOLDER OPTIONS
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS		
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 126,242	\$ 119,738
Accounts receivable	31,340	1,725
Unconditional promises to give (short-term)	25,000	25,000
Prepaid expense	8,885	7,164
Total Current Assets	<u>191,467</u>	<u>153,627</u>
OTHER ASSETS		
Investments	96,688	83,321
Unconditional promises to give (long-term)	-	25,000
Total Other Assets	<u>96,688</u>	<u>108,321</u>
PROPERTY AND EQUIPMENT		
Property and equipment	1,810,314	1,810,314
Accumulated depreciation	(651,314)	(596,554)
Property and Equipment, Net	<u>1,159,000</u>	<u>1,213,760</u>
TOTAL ASSETS	<u>\$ 1,447,155</u>	<u>\$ 1,475,708</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 737,318	\$ 5,750
Accounts payable	12,392	18,559
Accrued expenses	40,202	46,887
Total Current Liabilities	<u>789,912</u>	<u>71,196</u>
LONG-TERM DEBT	-	733,726
Total Liabilities	<u>789,912</u>	<u>804,922</u>
NET ASSETS		
Without donor restrictions	560,555	587,465
With donor restrictions	96,688	83,321
Total Net Assets	<u>657,243</u>	<u>670,786</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,447,155</u>	<u>\$ 1,475,708</u>

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

BOLDER OPTIONS
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants						
Fundraising events	\$ 133,881	\$ -	\$ 133,881	\$ 187,053	\$ -	\$ 187,053
Government grants	126,753	-	126,753	101,832	-	101,832
All other contributions	879,987	-	879,987	806,034	-	806,034
Investment return, net	4	13,367	13,371	26	(5,003)	(4,977)
Miscellaneous revenue	14,814	-	14,814	14,690	-	14,690
Gross special events revenue	75,000	-	75,000	80,000	-	80,000
Less cost of direct benefits to donors	(15,000)	-	(15,000)	(16,000)	-	(16,000)
Net special events revenue	60,000	-	60,000	64,000	-	64,000
Net assets released from restrictions	-	-	-	4,347	(4,347)	-
Total Support and Revenue	1,215,439	13,367	1,228,806	1,177,982	(9,350)	1,168,632
Expenses						
Program services	869,217	-	869,217	900,818	-	900,818
Support services						
Management and general	164,429	-	164,429	165,296	-	165,296
Fundraising	208,703	-	208,703	169,213	-	169,213
Total Expenses	1,242,349	-	1,242,349	1,235,327	-	1,235,327
CHANGE IN NET ASSETS	(26,910)	13,367	(13,543)	(57,345)	(9,350)	(66,695)
NET ASSETS, BEGINNING OF YEAR	587,465	83,321	670,786	644,810	92,671	737,481
NET ASSETS, END OF YEAR	<u><u>\$ 560,555</u></u>	<u><u>\$ 96,688</u></u>	<u><u>\$ 657,243</u></u>	<u><u>\$ 587,465</u></u>	<u><u>\$ 83,321</u></u>	<u><u>\$ 670,786</u></u>

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

BOLDER OPTIONS
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	2019			
	Program Services	Management and General	Fundraising	Total
Program expense	\$ 61,830	\$ -	\$ -	\$ 61,830
Salaries and benefits	496,593	90,925	111,908	699,426
Fees for services	56,360	10,319	12,701	79,380
Advertising and promotion	476	87	107	670
Office expenses	43,998	8,056	9,915	61,969
Information technology	4,316	790	972	6,078
Occupancy	27,000	4,944	6,084	38,028
Travel and transportation	18,387	4,391	4,665	27,443
Conferences, conventions, and meetings	3,937	3,230	2,928	10,095
Interest expense	26,227	4,802	5,910	36,939
Depreciation	38,879	7,119	8,762	54,760
Insurance	26,784	4,904	6,036	37,724
Other	64,430	24,862	53,715	143,007
Total expenses by function	869,217	164,429	223,703	1,257,349
Less expenses included with revenues				
Cost of direct benefits to donors	-		(15,000)	(15,000)
TOTAL	\$ 869,217	\$ 164,429	\$ 208,703	\$ 1,242,349

	2018			
	Program Services	Management and General	Fundraising	Total
Program expense	\$ 91,344	\$ -	\$ -	\$ 91,344
Salaries and benefits	474,038	94,808	108,352	677,198
Fees for services	49,417	9,883	11,295	70,595
Advertising and promotion	4,058	814	929	5,801
Office expenses	32,787	6,557	7,494	46,838
Information technology	8,151	1,630	1,863	11,644
Occupancy	38,637	7,727	8,831	55,195
Travel and transportation	20,836	5,116	5,295	31,247
Conferences, conventions, and meetings	6,998	5,894	5,268	18,160
Interest expense	21,065	4,213	4,815	30,093
Depreciation	38,682	7,736	8,842	55,260
Insurance	29,512	5,902	6,745	42,159
Other	85,293	15,016	15,484	115,793
Total expenses by function	900,818	165,296	185,213	1,251,327
Less expenses included with revenues				
Cost of direct benefits to donors	-		(16,000)	(16,000)
TOTAL	\$ 900,818	\$ 165,296	\$ 169,213	\$ 1,235,327

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

BOLDER OPTIONS
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,543)	\$ (66,695)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	54,760	55,260
Unrealized (gain) loss on investments	(14,260)	5,003
Net operating changes in		
Accounts receivable	(29,615)	(50)
Pledges and grants receivable	-	24,948
Unconditional promises to give	25,000	(50,000)
Prepaid expense	(1,721)	6,405
Accounts payable	(6,167)	(6,273)
Accrued expenses	(6,685)	8,201
Net Cash Provided (Used) by Operating Activities	<u>7,769</u>	<u>(23,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	893	4,347
Acquisition of property and equipment	-	(25,967)
Net Cash Provided (Used) by Investing Activities	<u>893</u>	<u>(21,620)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>(2,158)</u>	<u>(6,830)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,504	(51,651)
BEGINNING CASH AND CASH EQUIVALENTS	<u>119,738</u>	<u>171,389</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 126,242</u></u>	<u><u>\$ 119,738</u></u>
SUPPLEMENTAL DISCLOSURE		
Cash payments during the year for		
Interest	\$ 36,842	\$ 29,670

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

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Bolder Options was originally incorporated in May 1998 as a non-profit corporation. The Organization has offices in Minneapolis and Rochester, Minnesota. It was established to encourage positive, self-concept attitudes and behavior in youth and to provide positive mentoring relationships and role models. Bolder Options engages youth and mentors in goal setting, physical activity, tutoring, and community involvement to build confidence, maximize potential, and encourage healthy life skills.

The Organization's mission is to teach at-risk youth (ages 10 to 15) to succeed in all of life's races by involving kids in mentoring relationships with positive role models. The Organization supports youth-mentor pairs in running or bike training, adventure learning, goal setting, and volunteer services providing the structure and support for healthy relationships and positive behaviors.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors or grantors: net assets without donor restrictions and net assets with donor restrictions.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities, as applicable. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of our mission. Investments are monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for miscellaneous programs. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2019 and 2018, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At December 31, 2019 and 2018, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

Investments

Investments are reported at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the lesser of the estimated useful lives of the assets ranging from three to forty years, or in the case of capitalized leased assets or leasehold improvement, the lesser of the useful life of the asset or the lease term. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions

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

Revenue and Revenue Recognition

The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2019 and 2018, conditional contributions approximating \$42,160 and \$29,840, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Contributed goods of \$18,417 and \$24,482 were received during the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square-footage basis, as well as salaries and related expenses, professional services, advertising and promotion, office expense, information technology, travel, conferences, and meetings, insurance, and interest, which are allocated on the basis of estimates of time and effort.

Advertising

The Organization expenses advertising costs as they are incurred.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effect of Economic Conditions on Contributions

The Organization depends on contributions and grants for a significant portion of its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's Board of Directors and management believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

Subsequent Events Consideration

Management has evaluated subsequent events through July 24, 2020, the date on which the financial statements were available to be issued. Except as disclosed in Note 14, management has determined that there were no other material events that would require recognition or disclosure in the Organization's financial statements through this date.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606). The ASU, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in the financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles (Continued)

In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which enhanced the reporting model for financial instruments by providing financial statement users with more decision-useful information. For nonprofit organizations, the guidance in ASU 2016-01 primarily affects the accounting for investments in equity securities and certain presentation and disclosure requirements. In addition, in February 2018, the FASB issued ASU 2018-03, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, to clarify certain guidance issued in ASU 2016-01. As permitted, the Organization previously implemented the disclosure provisions of ASU 2016-01 upon issuance of the ASU. ASU 206-01 is effective for fiscal years beginning after December 15, 2018; therefore the Organization implemented the remaining provisions effective January 1, 2019, the first day of the Organization’s year, with no effect on net assets.

In November 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This standard requires that amounts generally described as restricted cash or restricted cash equivalents be included in the total cash and cash equivalents at the beginning and the end of the period for which changes are shown in the statement of cash flows. It also requires that the face of the statement of cash flows or the notes to the financial statements present a reconciliation when cash and cash equivalents (restricted or unrestricted) are shown in more than one line on the statement of financial position. The Organization implemented the provisions of ASU 2016-18 using a retrospective transition method to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position consists of the following at December 31:

	2019	2018
Financial assets at year end		
Cash and cash equivalents	\$ 126,242	\$ 119,738
Accounts receivable	31,340	1,725
Contributions receivable	25,000	50,000
Investments	96,688	83,321
Total financial assets	<u>279,270</u>	<u>254,784</u>
Less amounts not available to be used within one year		
Net assets with donor restrictions	96,688	83,321
Fiscal agent liability	7,083	6,993
Contributions receivable (long-term)	-	25,000
	<u>103,771</u>	<u>115,314</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u>\$ 175,499</u>	<u>\$ 139,470</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operation expenses (approximately \$310,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Organization has no line of credit available to meet cash flow needs.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give as of December 31 are expected to be received as follows:

	2019	2018
Within one year	\$ 25,000	\$ 25,000
Between one and two years	<u>-</u>	<u>25,000</u>
TOTAL	<u>\$ 25,000</u>	<u>\$ 50,000</u>

Management has determined that no allowance for uncollectible promises to give is necessary at December 31, 2019.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4 – INVESTMENTS

Investments as of December 31 are summarized as follows:

	2019		2018	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Non-current assets				
THE MINNEAPOLIS FOUNDATION	<u>\$ 39,132</u>	<u>\$ 96,688</u>	<u>\$ 40,026</u>	<u>\$ 83,321</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Cost of property and equipment as of December 31 consists of the following:

	2019	2018
Land	\$ 201,375	\$ 201,375
Buildings and improvements	1,563,874	1,563,874
Equipment	45,065	45,065
Total	1,810,314	1,810,314
Accumulated depreciation	(651,314)	(596,554)
PROPERTY AND EQUIPMENT, NET	<u>\$ 1,159,000</u>	<u>\$ 1,213,760</u>

Depreciation expense on property and equipment amounted to \$54,760 and \$55,260 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 – LONG-TERM DEBT

Long-term debt as of December 31 is as follows:

	2019	2018
Nonprofits Assistance Fund	\$ 737,318	\$ 739,476
Current portion	(737,318)	(5,750)
TOTAL	<u>\$ -</u>	<u>\$ 733,726</u>

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 6 – LONG-TERM DEBT (Continued)

The Nonprofits Assistance Fund long-term loan was refinanced on November 14, 2016 as part of a debt restructuring plan. The loan is due and payable at the rate of \$4,000 per month, including fixed interest at the rate of 5.00%. The maturity date of the loan is December 16, 2020. The loan is secured by a real estate mortgage on the program services and administrative offices building, an assignment of rents and leases from the building, and a security agreement on other assets of the Organization.

Principal amounts due on long-term debt are as follows: 2020 \$737,318.

NOTE 7 – ENDOWMENT FUNDS

Donor-restricted Endowments

The Organization's endowment consists of one endowment fund held by The Minneapolis Foundation and is comprised of donor-restricted funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, 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. 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. 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7 – ENDOWMENT FUNDS (Continued)

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies, approved by the governing board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce a reasonable rate of return annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its investment income. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7 – ENDOWMENT FUNDS (Continued)

Spending Policy (Continued)

Changes in endowment net assets as of December 31 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
2019			
Endowment net assets, beginning of year	\$ -	\$ 83,321	\$ 83,321
Contributions			
Investment return, net	-	14,260	14,260
Amount appropriated for expenditure	-	(893)	(893)
ENDOWMENT NET ASSETS, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 96,688</u></u>	<u><u>\$ 96,688</u></u>
2018			
Endowment net assets, beginning of year	\$ -	\$ 92,671	\$ 92,671
Contributions			
Investment return, net	-	(5,003)	(5,003)
Amount appropriated for expenditure	-	(873)	(873)
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	(3,474)	(3,474)
ENDOWMENT NET ASSETS, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 83,321</u></u>	<u><u>\$ 83,321</u></u>

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8 –NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Passage of time		
ENDOWMENT FUND	<u><u>\$ 96,688</u></u>	<u><u>\$ 83,321</u></u>

Net assets without donor restrictions for the years ended December 31 are as follows:

	<u>2019</u>	<u>2018</u>
UNDESIGNATED	<u><u>\$ 560,555</u></u>	<u><u>\$ 587,465</u></u>

NOTE 9 – AGENCY TRANSACTIONS

The Organization has named Run Like Rell as a designated beneficiary of a fund that is held by Bolder Options. As of December 31, 2019 and 2018, the amount due to the designated beneficiary is \$7,083 and \$6,993, respectively.

NOTE 10 – GOVERNMENTAL SOURCES

The Organization received approximately 10% and 9% of the total Organization's annual revenue from Governmental sources in 2019 and 2018, respectively. Federal grants were 5% and 5%, respectively, and State of Minnesota grants were 5% and 4%, respectively. The federal grant consisted of the USDA-NIFA CYFAR SCP grant. The State of Minnesota grants consisted of a YIP Grant and a DNR grant.

NOTE 11 – PENSION

The Organization participates in a multiple employer 401(k) pension plan. Employees at least 21 years of age who have 6 months of service are eligible to participate in the plan. Employees may contribute as allowed by IRS rules. The plan provides for payment to be made by the Organization at a 100% match of employees' contributions up to 10% of the employees' gross wages for employees in the executive class, and a 100% match of employees' compensation up to 5% of the employees' compensation for employees in the general class. Under the plan, vested and non-vested pension costs are funded as they accrue. Pension expense for the years ending December 31, 2019 and 2018 amounted to \$0 and \$0, respectively. Employer contributions to the 401(k) plan were suspended for 2019 and 2018.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 12 – RENT/LEASES

The Organization leases office space in Rochester, Minnesota. The Organization also leases a copier and equipment. Lease expense was \$11,274 in 2019 and \$13,131 in 2018.

Future minimum non-cancelable lease payments for operating leases are as follows: 2020 \$6,478.

NOTE 13 – INCOME TAX

At December 31, 2019, the Organization has unrelated business income tax net operating loss carryforwards of \$33,102 (\$33,706 – 2018). These loss carryforwards begin to expire in 2027 through 2037. Unused net operating losses are available to offset current and future taxable income as follows:

Date of Loss	Carryforward Expires	Federal	State
12-31-2007	12-31-2027	\$ 6,441	\$ 6,441
12-31-2008	12-31-2028	2,411	2,411
12-31-2009	12-31-2029	5,555	5,555
12-31-2014	12-31-2034	7,854	7,854
12-31-2015	12-31-2035	4,062	4,062
12-31-2016	12-31-2036	2,647	2,647
12-31-2017	12-31-2037	3,913	3,913
12-31-2018	No Expiration	219	219

Following are the components which make up the Organization's deferred income tax asset (liability):

	2019	2018
Current deferred tax assets		
Net operating loss carryforwards	\$ 10,200	\$ 10,400
Valuation allowance recognized	(10,200)	(10,400)
TOTAL	\$ -	\$ -

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 14 – SUBSEQUENT EVENT - COVID-19

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.