

Higher Ground Sun Valley, Inc.

Financial Statements

Years ended April 30, 2019 and 2018





Independent Accountant's Auditor's Report

To the Board of Directors of
Higher Ground Sun Valley, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Higher Ground Sun Valley, Inc. (the "Organization"), which comprise the statements of financial position as of April 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 the financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Higher Ground Sun Valley, Inc. as of April 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.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP
September 11, 2019
Idaho Falls, Idaho

Higher Ground Sun Valley, Inc.

Statements of Financial Position

<i>As of April 30,</i>	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 879,891	\$ 883,435
Investment securities	382,739	110,235
Pledges receivable	285,000	302,500
Prepaid expenses and other assets	130,527	29,889
Total current assets	1,678,157	1,326,059
PROPERTY AND EQUIPMENT		
Buildings and building improvements (held for lease)	1,120,824	445,824
Program equipment	142,456	135,748
Furniture and office equipment	65,886	61,019
Vehicles	234,224	161,387
Accumulated depreciation	(447,315)	(388,684)
Total property and equipment, net	1,116,075	415,294
OTHER ASSETS		
Pledges receivable, long term	150,000	-
Total assets	\$ 2,944,232	\$ 1,741,353
LIABILITIES		
Accounts payable	\$ 60,180	\$ 4,205
Accrued liabilities	124,533	85,634
Credit cards payable	70,552	38,762
Deferred revenue	34,800	-
Current portion of note payable	15,124	14,712
Total current liabilities	305,189	143,313
LONG-TERM LIABILITIES		
Note payable, net of current portion	51,032	65,803
Total liabilities	356,221	209,116
NET ASSETS		
Without donor restrictions	1,701,434	950,003
With donor restrictions	886,577	582,234
Total net assets	2,588,011	1,532,237
Total liabilities and net assets	\$ 2,944,232	\$ 1,741,353

See accompanying notes to financial statements.

Higher Ground Sun Valley, Inc.

Statement of Activities

<i>Year Ended April 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Public Support			
Donations and grants	\$ 645,021	\$ 2,060,159	\$ 2,705,180
In-kind contributions	1,849,037	-	1,849,037
Special fundraising events, net of \$293,937 expenses	148,481	308,323	456,804
Rental income	19,967	-	19,967
Interest and dividend income	6,341	-	6,341
Net assets released from restrictions	2,064,139	(2,064,139)	-
Total revenue and support	4,732,986	304,343	5,037,329
EXPENSES			
Program	3,514,312	-	3,514,312
Fundraising	208,841	-	208,841
Administration	258,402	-	258,402
Total expenses	3,981,555	-	3,981,555
Increase (decrease) in net assets	751,431	304,343	1,055,774
Beginning net assets	950,003	582,234	1,532,237
Ending net assets	\$ 1,701,434	\$ 886,577	\$ 2,588,011

See accompanying notes to financial statements.

Higher Ground Sun Valley, Inc.

Statement of Activities

<i>Year Ended April 30,</i>	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Public Support			
Donations and grants	\$ 1,180,437	\$ 716,952	\$ 1,897,389
In-kind contributions	971,992	-	971,992
Special fundraising events, net of \$189,158 expenses	3,567	485,700	489,267
Rental income	17,335	-	17,335
Interest and dividend income	3,395	-	3,395
Net assets released from restrictions	1,391,712	(1,391,712)	-
Total revenue and support	3,568,438	(189,060)	3,379,378
EXPENSES			
Program	3,234,402	-	3,234,402
Fundraising	240,263	-	240,263
Administration	233,440	-	233,440
Total expenses	3,708,105	-	3,708,105
Increase (decrease) in net assets	(139,667)	(189,060)	(328,727)
Net assets at beginning of the year	1,089,670	771,294	1,860,964
Net assets at end of the year	\$ 950,003	\$ 582,234	\$ 1,532,237

See accompanying notes to financial statements.

Higher Ground Sun Valley, Inc.

Statements of Cash Flows

<i>Years Ended April 30,</i>	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members and public	\$ 3,358,221	\$ 2,673,314
Cash received from other income	19,967	22,745
Interest and dividends received	1,154	704
Cash paid for program expenses	(2,367,025)	(2,301,672)
Cash paid for administrative expenses	(256,643)	(228,179)
Cash paid for fundraising expenses	(393,130)	(338,087)
Net cash flows provided (used) by operating activities	362,544	(171,175)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(84,412)	(43,973)
Purchase of investment securities, net	(267,317)	(5,135)
Net cash flows provided (used) by investing activities	(351,729)	(49,108)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(14,359)	(13,971)
Net increase (decrease) in cash and cash equivalents	(3,544)	(234,254)
Cash and cash equivalents at beginning of year	883,435	1,117,689
Cash and cash equivalents at end of year	\$ 879,891	\$ 883,435

See accompanying notes to financial statements.

Higher Ground Sun Valley, Inc.

Statements of Cash Flows (Continued)

<i>Years Ended April 30,</i>	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	1,055,774	(328,727)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Depreciation	58,631	48,919
In-kind contribution of condominium units	(675,000)	-
Net (gain) loss on investment securities	(5,187)	2,619
Decrease (increase) in		
Pledges receivable	(132,500)	97,500
Prepaid expense and other assets	(100,638)	5,231
Increase (decrease) in		
Accounts payable	55,975	(2,131)
Deferred revenue	34,800	-
Accrued payroll and related liabilities	38,899	780
Credit cards payable	31,790	4,634
Total adjustments	(693,230)	157,552
Net cash flows provided (used) by operating activities	\$ 362,544	\$ (171,175)

See accompanying notes to financial statements.

Higher Ground Sun Valley, Inc.

Statement of Functional Expenses

<i>Year Ended April 30, 2019</i>	Program	Fundraising	Administration	Total
FUNCTIONAL EXPENSES				
Salaries and benefits	\$ 1,272,905	\$ 130,465	\$ 220,797	\$ 1,624,167
Staff education	20,707	655	246	21,608
Information services	27,426	4,326	1,526	33,278
Marketing and development	67,671	26,048	2,382	96,101
Insurance	82,342	9,189	15,488	107,019
Office expense	82,649	7,364	7,230	97,243
Occupancy	97,024	7,749	2,906	107,679
Professional services	145,469	10,453	3,920	159,842
Program related expenses	1,632,134	844	1,815	1,634,793
Repairs and maintenance	10,040	-	-	10,040
Staff travel	24,763	6,058	333	31,154
Depreciation	51,182	5,690	1,759	58,631
Total expenses	3,514,312	\$ 208,841	\$ 258,402	\$ 3,981,555
	88.3 %	5.2 %	6.5 %	100 %

See accompanying notes to financial statements.

Higher Ground Sun Valley, Inc.

Statement of Functional Expenses

<i>Year Ended April 30, 2018</i>	Program	Fundraising	Administration	Total
FUNCTIONAL EXPENSES				
Salaries and benefits	\$ 1,178,420	\$ 201,580	\$ 203,673	\$ 1,583,673
Staff education	14,123	-	-	14,123
Information services	25,407	1,540	2,844	29,791
Marketing and development	57,296	9,852	1,415	68,563
Insurance	114,369	8,647	12,354	135,370
Occupancy	88,422	6,123	5,935	100,480
Office expense	69,974	7,167	3,433	80,574
Professional services	37,383	1,165	437	38,985
Program related expenses	1,607,627	-	-	1,607,627
Depreciation	41,381	4,189	3,349	48,919
Total expenses	3,234,402	\$ 240,263	\$ 233,440	\$ 3,708,105
	87.2 %	6.5 %	6.3 %	100 %

See accompanying notes to financial statements.

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies

Organization and Operations

Higher Ground Sun Valley, Inc. ("HGSV" or the "Organization"), formerly Sun Valley Adaptive Sports, Inc. is a non-profit organization located in Ketchum, Idaho for the purpose of enriching the lives of people with disabilities through sports and recreation. HGSV's mission is accomplished by providing the following four major programs: *Higher Ground Military Program* is a nationally recognized veteran rehabilitation program that combines sports, family, and coping therapies to restore and rehabilitate injured men and women of the armed forces. *Higher Ground Winter Recreation Program* serves children, teens, and adults with disabilities who are interested in skiing, snowboarding, sled hockey, or Nordic skiing, and is partnered with the Sun Valley Company. The *Higher Ground Summer Recreation Program* consists of three summer day camps that serve individuals with physical and cognitive disabilities. The local chapter of *Special Olympics* empowers athletes with cognitive disabilities to be healthy, productive, and respected members of their communities through athletic training and competition.

HGSV receives the majority of its support in the form of donations from individuals. Higher Ground Sun Valley, Inc. is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Basis of Presentation

The financial statements of HGSV have been prepared in accordance with accounting principles generally accepted in the United States for not-for-profit organizations. Those principles require reporting amounts for an organization's total assets, liabilities, and net assets in a statement of financial position; reporting the change in an organization's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

Those principles also require classification of an organization's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions into two separate classes of net assets – those with donor restrictions and those without donor restrictions. Certain restricted support is reported as unrestricted if the restrictions are met in the reporting period.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization treats as cash and cash equivalents, demand deposits, and all investments with original maturities of 90 days or less.

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Securities

Investments in marketable securities with readily determinable fair values and all investment in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains or losses restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains or losses are recognized.

Pledges Receivable

A pledge is a promise to make a contribution at a later date. Pledges that include the amount of the pledge, a defined payment schedule or due date, are signed by the donor and are unconditional in nature are reflected as receivables and revenue in these financial statements. If considered significant, pledges receivable are discounted to their estimated present value. Conditional promises received to make a contribution are not reflected in the financial statements until all conditions have been satisfied except for the passage of time.

Property and Equipment

Property and equipment is stated at cost, or if donated, is recorded at the estimated fair market value at the date of donation. Maintenance and repairs that do not improve or extend the life of assets are currently expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from thirty-nine years for buildings and improvements, to five to seven years for furniture, equipment, and vehicles.

Contribution Revenue

Contributions received are recorded as with donor restrictions or without donor restrictions support depending on the existence and/or nature of any donor restrictions. When a restriction expires, with donor restriction net assets are reclassified to "without donor restrictions" and reported in the Statement of Activities in net assets released from restriction.

Advertising and Promotion

HGSV uses advertising and promotion in the form of brochures, newsletters, newspaper and magazine advertisement, and television programming to promote its mission to the community it serves and to reach potential donors. Some promotional exposure is contributed in-kind to the HGSV. The costs of advertising and promotion are expensed as incurred.

Income Taxes

HGSV has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASC 606.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. Wood River Land Trust Company is still evaluating the impact of the provisions of ASU Topic 958.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU provides guidance on the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard supersedes current lease accounting requirements in FASB Accounting Standards Codification (ASC) Topic 840, *Leases*. When adopted, the amendments in the ASU must be applied using a modified retrospective approach. ASU No. 2016-02 is effective for nonpublic companies for annual periods beginning after December 15, 2019. The Company is currently evaluating the impact of the provisions of ASC 842.

Change in Accounting Policy

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. 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. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 2: Cash and Cash Equivalents

At April 30, 2019 and 2018, the carrying amount of HGSV's cash and cash equivalents was comprised of the following:

	2019	2018
Cash and cash equivalents held at Wells Fargo	\$ 825,875	\$ 868,166
Cash held in money market and cash funds at Charles Schwab	1,067	1,064
Cash and cash equivalents held at Key Bank	40,124	8,031
Cash and cash equivalents held at Sun Valley Company	9,844	-
Petty cash and other	2,981	6,174
Total	\$ 879,891	\$ 883,435

Bank balances totaled \$909,111 and \$917,609 at April 30, 2019 and 2018, of which 33.2% and 28.1% was covered by federal depository insurance.

Note 3: Investment Securities

Investment securities consist of mutual funds and other marketable securities held at Wells Fargo Advisors. At April 30, 2019, these investment securities were reported at market value of \$382,739, with a related historical cost of \$377,552, and a net unrealized gain of \$5,187. During the years ended April 30, 2019 and 2018, net unrealized gains (losses) totaled \$5,187 and \$987. At April 30, 2018, these investment securities were reported at market value of \$110,235 with a related historical cost of \$109,248.

Note 4: Pledges Receivable

HGSV has received unconditional promises to give and as of April 30, 2019 and 2018, pledges receivables totaled \$435,000 and \$302,500, respectively. Of the receivables at April 30, 2019, \$150,000 is deemed long term pledges.

Note 5: Property Held for Lease

Higher Ground Sun Valley, Inc. owns office space in Ketchum, ID with a historical cost of \$445,824 with accumulated depreciation of \$136,050 where they were previously headquartered. HGSV outgrew the office space and moved to a new facility in which it leases. The owned property is leased under operating leases which expire during the next five years. HGSV also owns condominium units in Ketchum, ID with a historical donated value of \$650,000 with accumulated depreciation of \$6,490. The owned properties are leased under operating leases which expire during the next five years. Future minimum rentals to be collected on noncancelable operating leases are as follows:

<i>Years ended April 30,</i>	
2020	\$ 107,400
2021	107,400
2022	105,200
2023	7,850
Total	\$ 327,850

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 6: Credit Cards Payable

HGSV has multiple credit cards through Wells Fargo and American Express with interest rates from 14.74% to 19.49% and a combined credit limit of \$140,000 as of April 30, 2019. Balances are generally paid in full on a monthly basis and do not incur interest charges. Balances outstanding for credit cards payable at April 30, 2019 and 2018, totaled \$70,552 and \$38,762, respectively.

Note 7: Deferred revenue

Deferred revenue represents advance payments received for services to be provided in future periods for the annual Hero's Journey fundraising event. As of April 30, 2019 and 2018, Higher Ground Sun Valley, Inc. had deferred revenues of \$34,800 and \$0, respectively.

Note 8: Lease Obligations/Conditional Pledge

Effective June 1, 2017, Higher Ground Sun Valley, Inc. extended their office space lease with a written agreement. The lease requires monthly rents of \$7,850 from June 1, 2017, through December 31, 2019. Future minimum lease payments under this operating lease totaled \$62,800 for 2020.

Effective February 3, 2015, HGSV entered into a phone system lease. The lease requires monthly payments of \$538 through March 3, 2018. HGSV renewed the lease as of April 2018 for a 36-month contract. The base amount they pay per month is \$27 plus taxes and fees depending on the number of phones they have. At April 30, 2019, the total amount they are paying is \$807 per month. Future minimum lease payments under this operating lease would be \$9,681 for 2020 and \$8,874 for 2021.

Higher Ground Sun Valley, Inc. leases storage space and other items on a month to month basis.

Total rent expense for all operating leases for the years ended April 30, 2019 and 2018, was \$108,921 and \$105,855, respectively.

Note 9: Note Payable - Revolving Credit Agreements

HGSV has a promissory note with Wells Fargo Bank due in monthly installments of \$1,494 bearing interest at 4.75% and matures on May 15, 2023. The promissory note is collateralized by certain real estate. The balance as of April 30, 2019 and 2018, was \$66,156 and \$80,515, respectively.

The following is a schedule of debt maturities subsequent to April 30, 2019:

<i>Fiscal Year</i>	Interest	Principal	Total
2020	\$ 2,799	\$ 15,124	\$ 17,924
2021	2,065	15,859	17,924
2022	1,295	16,629	17,924
2023	488	17,436	17,924
2024	3	1,108	758
Total	\$ 6,650	\$ 66,156	\$ 72,454

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 10: Net Assets

Net assets were designated by the board, invested in long-term assets, or restricted by donors for the following purposes at April 30, 2019:

<i>April 30, 2019</i>	Board Designated (Without Donor Restriction)	With Donor Restrictions	Total
Higher Ground (HG) Military SV	\$ 111,885	\$ 235,000	\$ 346,885
HG Military LA Recreation	-	359,080	359,080
Scholarships	48,813	92,497	141,310
Invested in property and equipment, net of related debt Unrestricted	1,049,919	-	1,049,919
	490,817	-	490,817
Total	\$ 1,701,434	\$ 886,577	\$ 2,588,011

Net assets were designated by the board, invested in long-term assets, or restricted by donors for the following purposes at April 30, 2018:

<i>April 30, 2018</i>	Board Designated (Without Donor Restriction)	With Donor Restrictions	Total
Higher Ground (HG) Military Recreation	\$ 294,358	\$ 426,529	\$ 720,887
Scholarships	-	63,178	63,178
Quasi-endowment	48,813	92,527	141,340
Invested in property and equipment, net of related debt Unrestricted	1,064	-	1,064
	334,779	-	334,779
	270,989	-	270,989
Total	\$ 950,003	\$ 582,234	\$ 1,532,237

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows during the years ended April 30, 2019 and 2018:

<i>Years ended April 30,</i>	2019	2018
Higher Ground Military	\$ 1,678,461	\$ 1,084,840
Recreation	239,278	241,118
Adaptive sports	52,635	42,075
BCVM	86,535	-
Scholarships	7,230	19,379
Other	-	4,300
Total	\$ 2,064,139	\$ 1,391,712

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 11: Liquidity and Availability of Financial Resources

The following table reflects Higher Ground Sun Valley, Inc.'s financial assets as of April 30, 2019, and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

<i>As of April 30,</i>	2019	2018
Financial asset at year end:		
Cash and cash equivalents	\$ 879,891	\$ 883,435
Investment securities	382,739	110,235
Pledges receivable, current portion	285,000	302,500
Total financial assets	1,547,630	1,296,170
Less amounts not available to be used within one year		
Net assets with donor restrictions	736,577	582,234
Total	736,577	582,234
Financial assets available to meet general expenditures over the next twelve months	\$ 811,053	\$ 713,936

Higher Ground Sun Valley, Inc. does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for at least two months of operating expenses.

Note 12: In-kind Contributions

Higher Ground Sun Valley, Inc. receives donated services from unpaid volunteers who assist in special projects. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort, under generally accepted accounting principles, have not been satisfied.

During the years ended April 30, 2019 and 2018, HGSV received, as non-cash contributions, various goods and services used in its programs. These include ski passes, lift tickets, guided fishing trips, food, and other items valued at \$1,849,037 and \$971,992. The value of these goods and services are reflected as in-kind contributions and expenses in the statement of activities.

Each year, the Sun Valley Company donates \$60,000 of goods and services to be charged to a credit account at the resort. HGSV provides food, drinks, and lift tickets for participants during the ski season with this donation. As of April 30, 2019 and 2018, the full value of the donation had been utilized.

Note 13: Concentration of Contributions or Grants

During the years ended April 30, 2019 and 2018, HGSV received 27% and 27% of its donations and grants from two major donors in 2019 and one major donor in 2018. These donations were received in the form of pledges receivable of \$720,000 in 2019, and \$350,000 in 2018, restricted to the Higher Ground Military program. During the year ended April 30, 2019, HGSV received 37% of its in-kind contributions from one donor in the form of condominium units valued at \$675,000.

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 13: Concentration of Contributions or Grants (Continued)

During the years ended April 30, 2019 and 2018, HGSV received 21% and 34% of its in-kind contributions from one major donor in the form of non-cash contributions comprised of ski passes, lift tickets, accommodations, and other items valued at \$383,740 and \$496,973 from Sun Valley Company.

Note 14: Employee Benefit Plan

Higher Ground Sun Valley sponsors a 403(b) plan for their employees. The plan covers all employees with at least two months of service. Participants can make salary contributions up to the smaller of 100% of their compensation or the IRS maximum limits and the HGSV will match up to 3% of these contributions. The Company's matching contributions charged to expense during the fiscal years ended April 30, 2019 and 2018, was \$34,025 and \$28,021.

Note 15: Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs that are unobservable inputs for the asset or liability. Following is a description of the valuation methodologies used for assets measured at fair value.

Higher Ground Sun Valley, Inc.

Notes to the Financial Statements

Years Ended April 30, 2018 and 2017

Note 15: Fair Value Measurements (Continued)

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock). Equity funds, fixed income funds and exchange trade funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data. The fair value of alternative investments is based on the net asset value per share as a practical expedient. Real estate investment trusts (REITS) are valued based on the value that the shares were offered for sale at year end.

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

The balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy applied only to investment securities in the amounts of \$382,739 and \$110,235 as of April 30, 2019 and 2018, respectively and were all Level 1. There were no assets or liabilities measured at fair value on a nonrecurring basis as of April 30, 2019 and 2018.

Note 16: Subsequent Events

Management of the Company evaluated subsequent events through September 11, 2019, which was the date the financial statements were available to be issued. There were no additional subsequent type events, identified by management of the Company, that are required to be disclosed.