

SIoux FALLS PARKS AND RECREATION BOARD MEETING

Tuesday, October 17, 2017

4:00 p.m. Regular Board Meeting

NOTE LOCATION CHANGE: Prairie Green Clubhouse, 600 E. 69th St.

ORDER OF BUSINESS

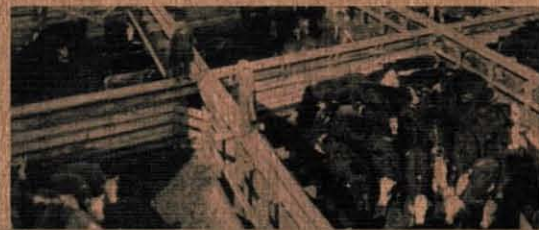
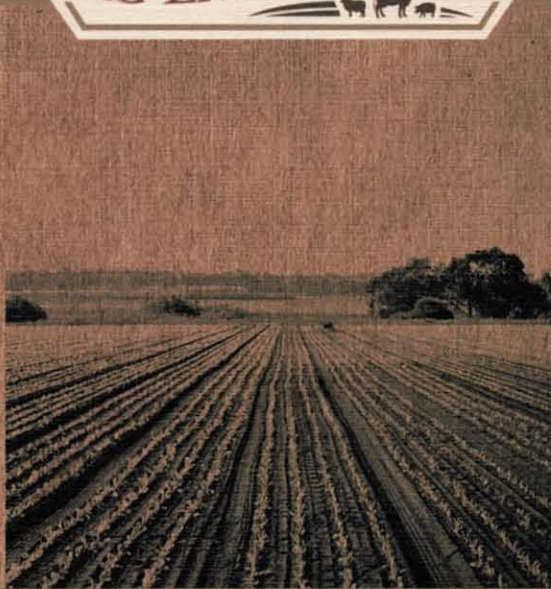
1. Roll call and determination of quorum
2. Approval of minutes from September 26, 2017 meeting
3. Public input
4. Report of standing committees
 - a. Marketing and Public Needs
 - b. Park System Planning and Development
 - c. Partnerships and Recreation
5. Unfinished business
6. New business
 - a. Uptown Soils Gifting Agreement – Mike Patten
 - b. Stockyard Ag Experience Plaza Update and MOU – Mike Patten, Jon Jacobson, Jennifer Hoelsing
 - c. SDHSAA Agreement for use of Tennis Courts for State Tennis Tournaments – Sky Smothers
 - d. Great Bear Annual Audit – Kelby Mieras, Dan Grider, Steve Sanford
7. Report of Director of Parks and Recreation
 - a. Community Center report – September
 - b. Aquatics Report - September
 - c. Golf course report – September (available at meeting)
 - d. Administrative Report - August
8. Items added after the agenda deadline
 - a. The Parks and Recreation Board may include other such business as may come before this body.
9. Reading of communications to the Board
10. Open board discussion
11. Adjournment

Upcoming events: No scheduled press conferences or ribbon cuttings

Persons requiring special accommodation for participation in any programs or activities sponsored by Sioux Falls Parks and Recreation should call 367-8222 during regular business hours at least 48 hours prior to the event. Special needs will be accommodated whenever reasonably possible.

HomeGrown.

Stockyards Ag Experience Plaza Capital Campaign

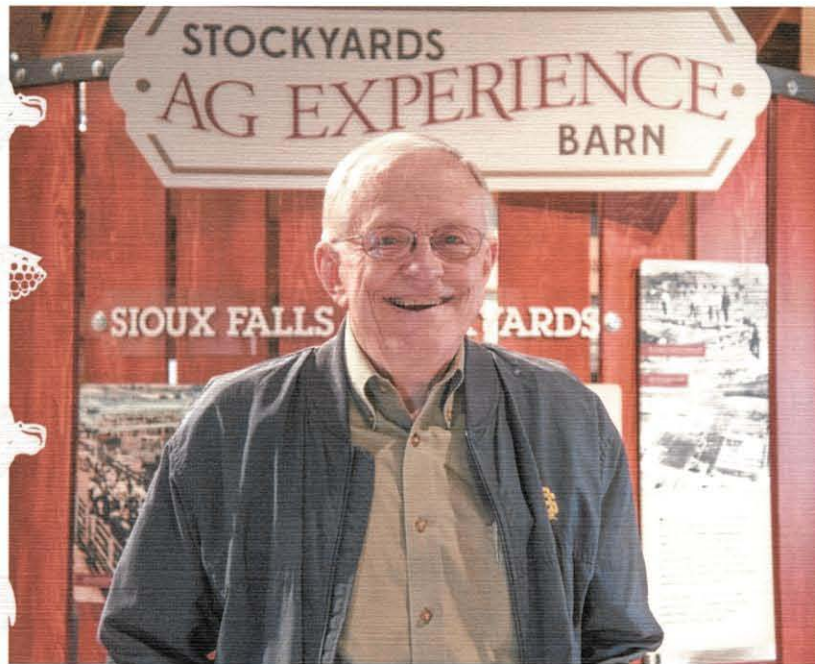


18 MILLION
acres of cropland

22 NOV **ES**

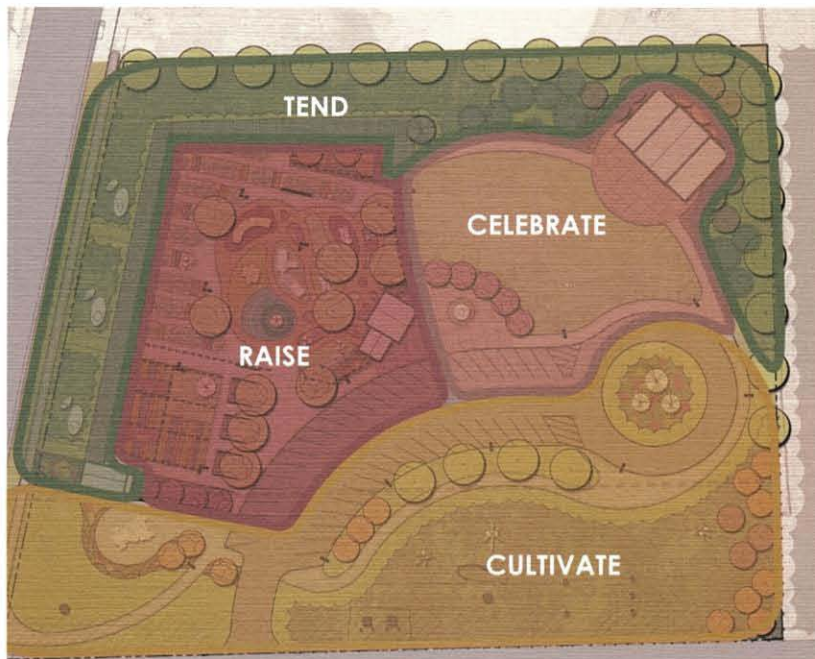
AGRICULTURE
IS SOUTH DAKOTA'S
#1 INDUSTRY





Jim Woster
STOCKYARDS AG EXPERIENCE
FOUNDER AND BOARD PRESIDENT

The Stockyards Ag Experience Barn and Plaza will forever be a reminder that the Sioux Falls Stockyards, our customers and all of the related industries were indeed very special. It will ensure that the women and men who made it what it was, which impacted so much in this region will never be forgotten.



*The design concept walks visitors from “pasture to plate” through four experiential areas: **Tend, Raise, Celebrate and Cultivate.***



CELEBRATING OUR ROOTS. INSPIRING GENERATIONS.

HomeGrown.

For nearly 100 years, the Sioux Falls Stockyards reigned as one of the most storied and celebrated economic drivers of our entire region. Up to 10,000 head of cattle, hogs and sheep were bought and sold here every day – making it the #1 stock market in the nation from 1981 to 1986.

The auctioneer's gavel sounded for the last time on June 25, 2009. Now much of the land that was once the stockyards stands empty. But it won't be empty for long. With your help it will be transformed into the Stockyards Ag Experience Plaza.

Set to open in 2019, this 3.63-acre interactive destination will help attract even more visitors to the Falls Park area – which currently hosts over 1 million people every year. It will also complement the Stockyards Ag Experience Barn, which opened in March 2017 with a variety of interactive exhibits focused on history and today's farm-to-table ag story.



HomeGrown Inspiration

3.63 ACRES OF HISTORY, EDUCATION AND RECREATION

This vibrant, park-like space will be a go-to Sioux Falls attraction and agritourism leader. It will be ideal for everything from school field trips and family picnics to special events like festivals and reunions.

Video Display Board
Crop Display Plots
Seasonal Display Area
Pickup Truck & Trailer With
Roller Slide
Catwalk Structure
Grain Scale

Livestock Water Hydrant

Farm Chores Play Area

Livestock Chute Entry

Livestock Pen Activity Area

Large Scale Internally Lit
Plastic Pigs/Sheep/Cows

Replica Pump House

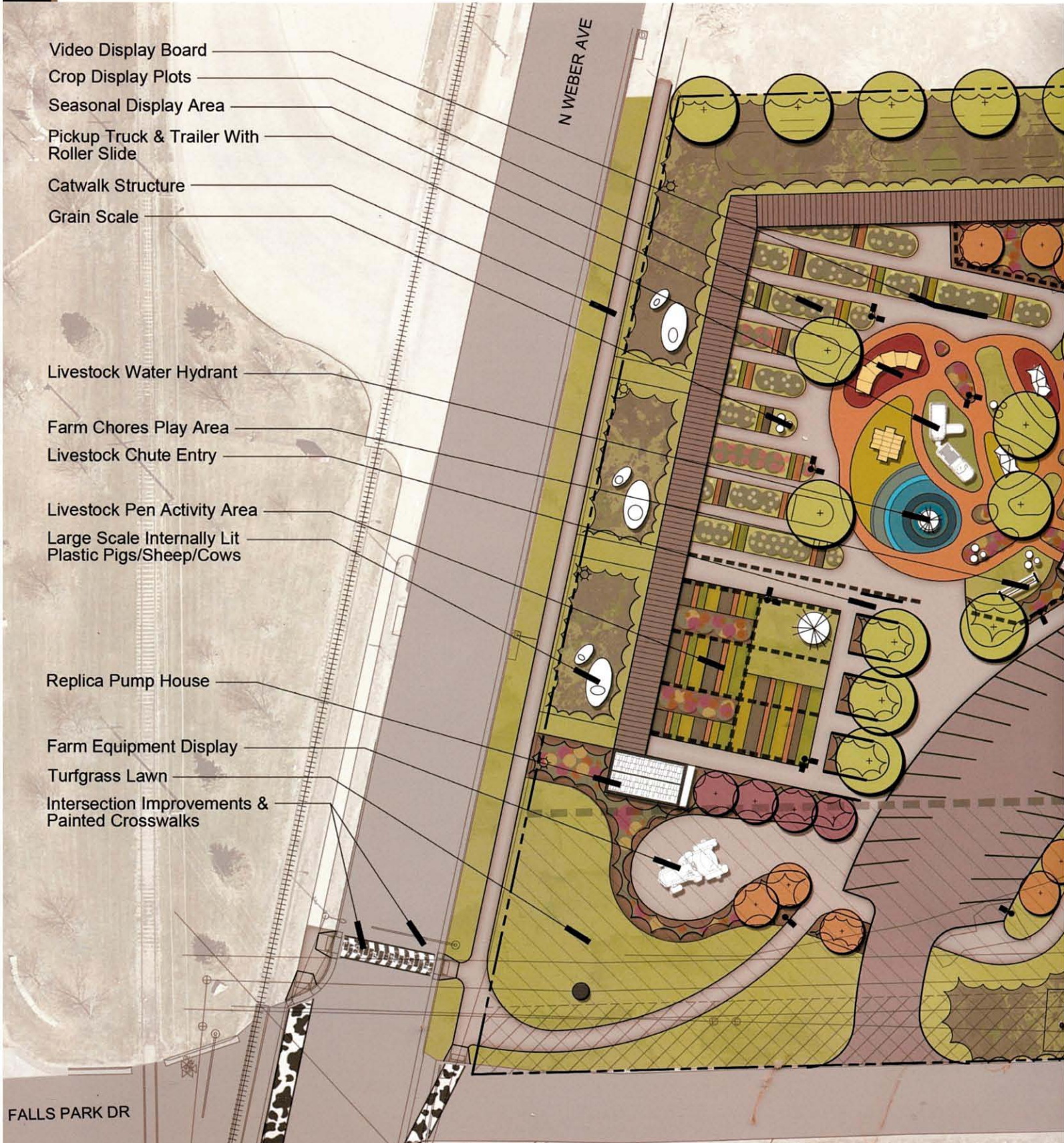
Farm Equipment Display

Turfgrass Lawn

Intersection Improvements &
Painted Crosswalks

N WEBER AVE

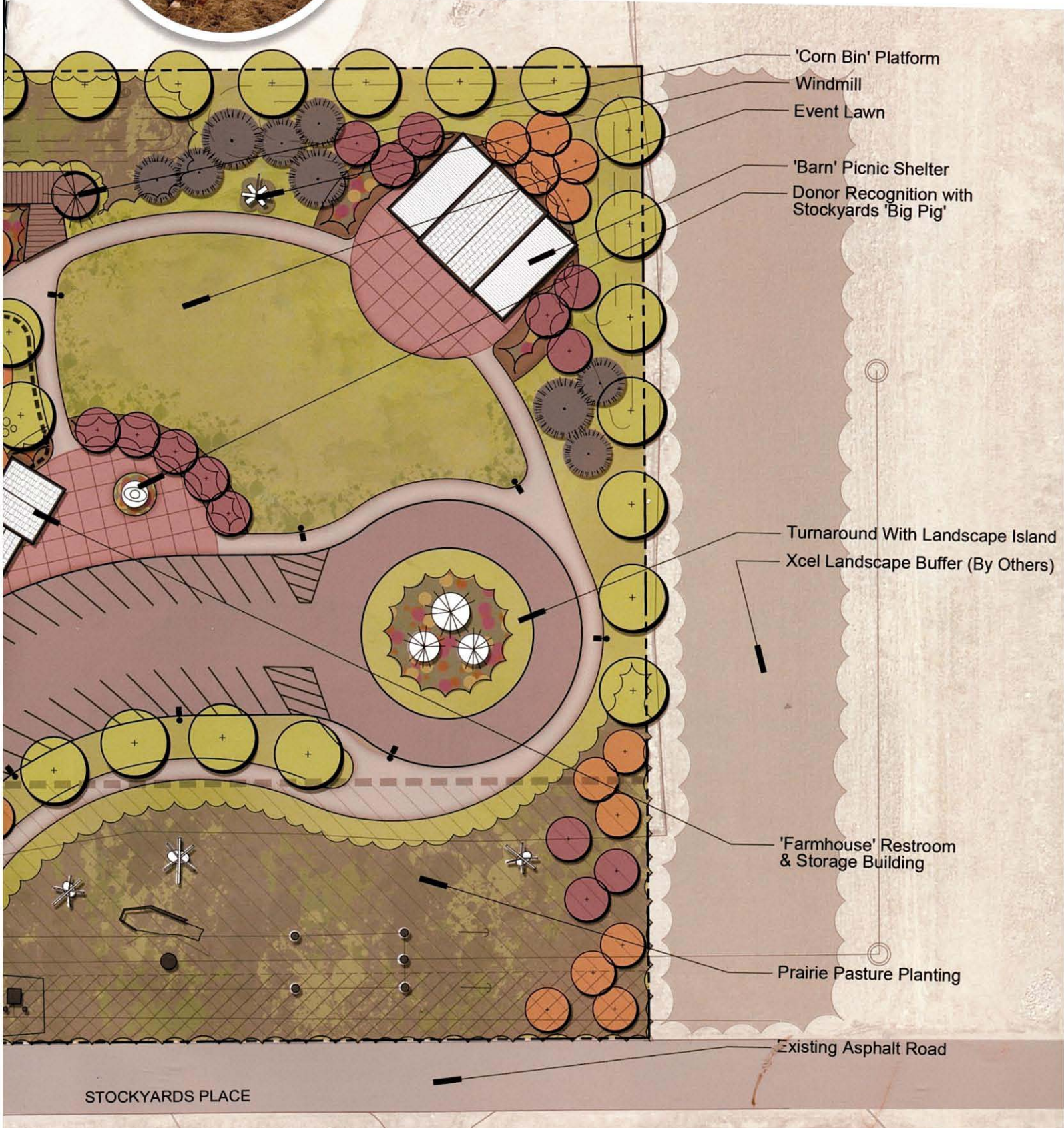
FALLS PARK DR





Every farmer and rancher knows the importance of good stewardship. As we look to the future, the Stockyards Ag Experience Plaza will play a vital role in the revitalization of Weber Avenue and the eastern side of Falls Park.

— Dana Dykhouse, CEO First PREMIER Bank





HomeGrown Investments

Your support of the Stockyards Plaza will have a transformative and enduring impact on Falls Park and the entire Sioux Falls area.



Creates a unique destination honoring
our community's roots



Provides education for learners
of all ages and backgrounds



Creates **an exciting gateway** from the
I-229 corridor to Downtown Sioux Falls



Leverages partnerships to expand
the **Falls Park experience**
and enhance quality of life



216,263
VISITORS TO
FALLS PARK IN
2016

SIoux FALLS



MORE THAN
\$21

BILLION
ECONOMIC
IMPACT
each year

5 MILLION
acres of corn
harvested
annually



115,000
SOUTH DAKOTANS
employed by
AGRICULTURE



South Dakota
PRODUCES MORE THAN

19
million
pounds of **HONEY** per year

#1
SOUTH DAKOTA
RANKS No.1
in the U.S. for
bison production

• IN •
2015 SOUTH DAKOTA
PRODUCED OVER
278 MILLION
POUNDS OF
CHEESE
PRODUCTS

THE STOCKYARDS AG EXPERIENCE
HONORS OUR STATE'S
AGRICULTURAL HISTORY
AND TODAY'S
FARM TO TABLE STORY.
IT'S A VALUABLE ADDITION TO
SOUTH DAKOTA.

MIKE JASPERS
SECRETARY OF AGRICULTURE

per every
SD state
resident

2.2 MILLION
ACRES
of wheat
harvested annually

SIoux FALLS



SOUTH DAKOTA RANKS #1
in the U.S. for sunflower production

GROWN IN
South Dakota

OVER 2,500
farms have been
in the same family
for more than
100 years



4.1 MILLION
ACRES
of soybeans
harvested annually

Each year, **ONE SOUTH DAKOTA**
producer raises **ENOUGH FOOD TO FEED**

155 PEOPLE

STOCKYARDS

Thank You

Stockyards Ag Volunteer Committee

Campaign Chairs

Mike Begeman.....Sanford Health
Dana Dykhous.....First PREMIER Bank
Jim Woster.....Stockyards Ag Experience

Leadership Team

Doug Barthel.....Sanford Health
Tom Bosch.....Avera
Greg Carmon.....Midwest Railcar Repair
Suzy Collignon-Hodgen.....DocuTAP
Pat Costello.....Schoeneman's
Brian Gilbert.....The First National Bank in Sioux Falls
Scott Lawrence.....Lawrence & Schiller
David Mickelson.....Graham Companies
Doug Morrison.....Sioux Falls School District
Tony Nour.....First PREMIER Bank
Paige Pearson Meyer.....MIDCO

Campaigners

Jason Ahrendt.....State Farm	Dave Link.....Retired, Sanford Health
Jason Appel.....Plains Commerce Bank	Dave Long.....Sanford Health
Becky Blue.....Sanford Health	Pierce McDowell.....South Dakota Trust Company
Kurt Brost.....Sanford Health	Charlie McIntyre.....Stockyards Ag Experience Board Member
Ryan Brown.....American Bank & Trust	Mark Mickelson.....Mickelson & Company
Tony Burke.....Community Volunteer	Julie Nelson.....American Bank & Trust
Kim Burma.....MIDCO	Susan Randall.....Stockyards Ag Experience Board Member
Brad Coleman.....Sanford Health	Bill Rezac.....Howalt+McDowell Insurance, a Marsh & McLennan Agency
Steve Crim.....Retired, John Morrell	Jeff Scherschligt.....Howalt+McDowell Insurance, a Marsh & McLennan Agency
Liz Donohue Wheeler.....Sanford Health	Bob Schultz.....Stockyards Ag Experience Board Member
Dan Doyle.....Cutler Law Firm LLP	Tim Schut.....First PREMIER Bank
Ryan Dulaney.....First Dakota National Bank	Kimber Severson.....HarlowMarie
Beth Feuchtenberger.....Eide Bailly LLP	Fred Slunecka.....Avera
David Flicek.....Avera	Matt Smith.....Dacotah Bank
Mark Glissendorf.....Lawrence & Schiller	Travis Starks.....Howalt+McDowell Insurance, a Marsh & McLennan Agency
Steve Hey.....School Bus, Inc.	Mark Stearns.....Risk Administration Services
Cory Hughes.....First PREMIER Bank	Paul TenHaken.....Click Rain
Jay Huizenga.....KELOLAND Media Group	Bob Thimjon.....Ramkota Hotel Best Western Companies
Jon Jacobson.....Confluence Stockyards Ag Experience Board Member	Brian Thompson.....First Bank & Trust
Dan Johnson.....St. Michael's Cemetery	Glen Turner.....Insight Marketing
Josh Kayser.....The First National Bank in Sioux Falls	Laura Widman.....Risk Administration Services
Rory Kelly.....CellOnly	Ryan Wieman.....Wieman Land & Auction Co.
Brenda Kibbe.....Citi	Curt Zaske.....Wells Fargo Bank
Reggie Kuipers.....Bender Commercial Real Estate	
Nick Langerock.....MIDCO	
Dan LaRock.....SilverStone Group	
Michelle Lavallee.....The Lavallee Group	





STOCKYARDS AG EXPERIENCE
P.O. BOX 2042
SIOUX FALLS, SD 57101
(605) 332-1917

Dear Sioux Falls Area Chamber of Commerce members:

The Stockyards Ag Experience envisions a community that recognizes the impact of agriculture in everyday life. Honoring our agricultural roots and pointing to our community's bright future, the **Stockyards Ag Experience Plaza** is a one-of-a-kind project that celebrates our unique community. The Stockyards Ag Experience asks for your support during our Community Appeals capital campaign, which begins November 1, 2017.

The Plaza will become a destination for our citizens and visitors alike to explore agriculture in both historic and contemporary contexts. The Sioux Falls Stockyards reigned as the most storied and celebrated economic drivers of our entire region, and agriculture remains South Dakota's number #1 industry today. The 3.63-acre Plaza will provide learning opportunities while attracting even more visitors to the Falls Park area, which currently hosts over 1 million visitors annually.

The Plaza's design concept walks visitors from "pasture to plate" through four experiential areas: Cultivate, Raise, Tend and Celebrate. Aligned with visions and goals set forth in plans such as The Sioux Falls Area Community Foundation's "Sioux Falls Tomorrow" strategic plan, the Stockyards Ag Experience Plaza:

- **Creates a unique destination honoring our community's roots;**
- **Provides education for learners of all ages and backgrounds;**
- **Produces an exciting gateway from the I-229 corridor to Downtown Sioux Falls; and**
- **Leverages partnerships to expand the Falls Park experience and enhance quality of life.**

We encourage you to explore Phase I of the project, the Stockyards Ag Experience Barn, now open at Falls Park. Since the Barn opened in March 2017, the museum has served thousands of guests from 46 states and 7 countries. For more information about the Stockyards Ag Experience, please visit www.stockyardsagexperience.org.

The **Stockyards Ag Experience Plaza** will create an appealing, interactive destination that offers experiences to learn more about our community and agriculture. We invite you to give generously to this campaign to celebrate the importance of agriculture in South Dakota and enrich our quality of life. The Stockyards Ag Experience project is truly homegrown.

Sincerely,

Dana Dykhouse
First PREMIER Bank
Campaign Chair

Mike Begeman
Sanford Health
Community Appeals Co-Chair

Jim Woster
Stockyards Ag Experience
Board Chair



Fred L. Thurman, CPA
Ronald F. Comes, CPA
Daniel R. Foley, CPA
Mary T. Dally, CPA
Jason D. Forbes, CPA
Jerry Gross, CPA
Cathy Harr, CPA

August 28, 2017

To the Board of Directors and Management of
Great Bear Recreation Park, Inc.
Sioux Falls, South Dakota

In planning and performing our audit of the financial statements of **Great Bear Recreation Park, Inc.** as of and for the year ended April 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Great Bear Recreation Park, Inc.'s, internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in Great Bear Recreation Park, Inc.'s internal control to be a material weakness.

Preparation of financial statements and material audit adjustments - We were requested to draft the financial statements and accompanying notes to the financial statements. In addition, we proposed audit adjustments resulting in a material misstatement between assets and liabilities. Great Bear Recreation Park does not have an internal control system over financial reporting designed to provide for the preparation of financial statements, including the accompanying footnotes as required by generally accepted accounting standards, on a periodic or annual basis. This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to determine whether to accept the degree of risk associated with this condition because of cost or other considerations.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Great Bear Recreation Park, Inc.'s internal control to be a significant deficiency.

Segregation of Duties - Due to the relatively small size of Great Bear Recreation Park staff, ideal internal control cannot practically be achieved. This is not unusual for an organization of your size. Management and the Board of Directors should constantly be aware of this condition. Under these circumstances, the most effective controls lie in (1) trying to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transaction, and (2) knowledge of the financial operations by management and the Board of Directors. We understand that management and the Board are aware of the limited segregation and have separated certain duties to the extent possible with available staff.

In-kind contributions and expense - Great Bear Recreation Park did not compile and record all in-kind contributions and related expense during the year that meet the recognition criteria prescribed by generally accepted accounting principles. The result is a potential understatement of revenue and expense. We recommend management implement procedures to ensure in-kind contributions are appropriately captured and recorded.

This communication is intended solely for the information and use of management, Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Thurman Comes Foley & Co LLP

THURMAN, COMES, FOLEY & CO., LLP
Certified Public Accountants & Consultants



August 28, 2017

Fred L. Thurman, CPA
Ronald F. Comes, CPA
Daniel R. Foley, CPA
Mary T. Dally, CPA
Jason D. Forbes, CPA
Jerry Gross, CPA
Cathy Harr, CPA

To the Board of Directors
Great Bear Recreation Park, Inc.
Sioux Falls, South Dakota

We have audited the financial statements of **Great Bear Recreation Park, Inc.** for the year ended April 30, 2017, and have issued our report thereon dated August 28, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated April 30, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Great Bear Recreation Park, Inc. are described in the Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended April 30, 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive and significant estimate affecting the financial statements was:

Management's estimate of management fees not received and rent expense not paid to the City of Sioux Falls under the existing agreement. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered In Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached page details all misstatements that were corrected by management.

Great Bear Recreation Park, Inc.
August 28, 2017
Page two

The following summarizes uncorrected financial statement misstatement whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Understatement of current year net assets

\$3,934

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 28, 2017.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Great Bear Recreation Park, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Thurman Comes Foley & Co LLP

THURMAN, COMES, FOLEY & CO., LLP
Certified Public Accountants & Consultants

Adj. Journal Entries
Great Bear Recreation Park, Inc.
April 30, 2017

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	Accum Depreciation	UV	1600-0	79,948.00	
1	Equipment		1500-0		79,948.00
to junk old equipment					
2	Depreciation	UV	6150-0	27,553.00	
2	Accum Depreciation		1600-0		27,553.00
to record depreciation					
3	Repairs & Main	UV	6075-0	1,719.00	
3	Rental Equipment		6110-0	6,366.00	
3	Park Improvements		1601-0		1,719.00
3	Equipment		1500-0		6,366.00
to expense park improvements and equipment \$<2,500					
4	Park Improvements	UV	9000-0	38,045.00	
4	Improvement Donation to City		1602-0		38,045.00
to move additions to donation to city					
5	Bank charges	AA	6135-0	35.88	
5	Note Payable - Tubing Project		2220-0		35.88
to adjust LOC balance to actual					
6	Prepaid Insurance - Liability	L-1	1305-0	3,772.88	
6	Prepaid Insurance - Work Comp		1310-0	898.54	
6	Liability Ins		6040-0		3,772.88
6	Workmen's comp ins		6042-0		898.54
to adjust prepaid insurance and insurance expense					
7	Accounts Receivable	B-1	1100-0	1,458.43	
7	Sales - Groups		4010-0		1,458.43
to adjust accounts recievable to actual					
8	Event Deposits	BB-3	2031-0	350.00	
8	Gift Cards Payable		2030-0		350.00
to adjust per client					
9	Payroll - inside	EE-2	6025-0	4,623.99	
9	Accrued Wages		2050-0		4,623.99
9	Payroll taxes		6005-0	1,119.23	
9	Accrued Payroll Taxes		2010-0		1,119.23
to adjust payroll accruals to actual					
10	Retained Earnings - Prior	SS-1	3200-0	681,052.46	
10	Tubing Project Campaign Pledges		3015-0		681,052.46
to reclass to correct retained earnings account					
11	Tubing Project Campaign Pledges	B-2	3015-0	10,000.00	
11	SFACF Contributions Received		4060-0		10,000.00
to reclassify SFACF to income					

Adj. Journal Entries
Great Bear Recreation Park, Inc.
April 30, 2017

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
12	Rent Expense	SS-2	6141-0	66,400.00	
12	Management fee		4025-0		66,400.00
to record estimated management fee and rent expense					
13	Unrelated Business Tax	15	6170-0	1,269.00	
13	Unrelated Business Tax Payable		2035-0		1,269.00
to record 4/30/17 liability for UBTI					
Totals				924,611.41	924,611.41

Dakota Golf Management, Inc.
All Courses
Monthly Income Statement - For Month Ending September 30, 2017

	Monthly Actual	Monthly Budget	% Change	YTD Actual	YTD Budget	% Change	2016 Monthly	2016 YTD	% Change
Revenues									
Green Fees	84,624	97,847	-14%	625,414	770,291	-19%	70,924	616,672	1%
Season Passes	(474)	0	-100%	85,316	122,965	-31%	1,050	99,546	-14%
All City Season Passes	1,242	0	100%	247,054	191,764	29%	4,550	175,560	41%
Punch Passes	(7,026)	(7,229)	-3%	168,853	186,157	-9%	(5,805)	157,622	7%
Golf Cars	74,699	64,938	15%	580,580	603,394	-4%	52,462	509,166	14%
Rentals	1,282	1,444	-11%	10,434	11,099	-6%	924	8,891	17%
Driving Range	14,276	16,040	-11%	155,065	165,080	-6%	14,130	153,858	1%
Misc. Revenues	1,210	0	100%	16,888	12,386	36%	8,713	9,231	83%
Mdse. and Club Repair	20,220	17,850	13%	152,783	126,568	21%	14,740	125,756	21%
Food & Beverage	45,366	36,430	25%	347,772	342,674	1%	31,709	302,551	15%
Golf Lessons	0	0	0%	1,859	6,000	-69%	0	3,539	-47%
Misc. Income	733	0	100%	11,949	6,000	99%	2,016	11,709	2%
Total Revenues	236,150	227,319	4%	2,403,969	2,544,378	-6%	195,412	2,174,102	11%
20% to Management Fund	47,230	45,464	4%	480,794	508,876	-6%	39,082	434,820	11%
Cost of Goods Sold									
COGS - Mdse./C.R.	13,323	12,333	8%	105,277	85,650	23%	9,593	85,735	23%
COGS - Food & Bev.	15,821	14,971	6%	117,976	119,115	-1%	11,080	101,969	16%
Total Cost of Goods Sold	29,144	27,304	7%	223,253	204,765	9%	20,673	187,704	19%
Gross Profit	159,776	154,552	3%	1,699,922	1,830,738	-7%	135,657	1,551,578	10%
Pro Shop Expenses									
Pro Shop Expenses	432	251	72%	7,741	7,238	7%	2,233	6,796	14%
Golf Car Expenses	21,855	22,567	-3%	144,489	147,648	-2%	22,223	145,944	-1%
Rental Expenses	0	0	0%	0	0	0%	0	2,577	-100%
Driving Range Expenses	0	143	-100%	11,473	11,294	2%	2,000	15,299	-25%
Club Repair Expenses	0	7	-100%	37	54	-31%	0	67	-44%
Lesson Expenses	0	0	0%	1,580	5,925	-73%	0	2,978	-47%
Equipment Leases	16,794	18,008	-7%	101,056	109,575	-8%	16,017	88,516	14%
Food & Bev Expense	(50)	1,127	-104%	10,185	10,129	1%	386	10,923	-7%
Marketing Expenses	2,220	3,673	-40%	28,886	47,610	-39%	1,728	16,418	76%
Admin/Office Expenses	23,514	24,076	-2%	217,461	209,696	4%	22,027	194,218	12%
Total Pro Shop Expenses	64,764	69,852	-7%	522,909	549,168	-5%	66,614	483,736	8%
Maintenance Expenses									
Renovation Services	0	0	0%	0	0	0%	4,167	37,500	-100%
Maintenance Services	3,517	2,259	56%	32,530	16,125	102%	3,054	21,342	52%
Repair & Maintenance	9,942	9,413	6%	100,999	86,917	16%	18,608	93,968	7%
Materials	12,841	9,796	31%	232,254	162,732	43%	11,454	160,560	45%
Golf Course Supplies	74	57	30%	18,639	9,899	88%	137	19,389	-4%
Maintenance Supplies	249	859	-71%	11,334	7,842	45%	874	12,014	-6%
Utilities	10,918	13,337	-18%	78,155	85,372	-8%	12,213	74,311	5%
Total Maint. Expenses	37,541	35,722	5%	473,911	368,889	28%	50,507	419,084	13%
Employee Expenses									
Pro Shop - Part Time	29,490	25,481	16%	238,943	241,700	-1%	44,572	232,007	3%
Pro Shop - Full Time	13,463	12,862	5%	119,496	122,005	-2%	19,082	113,807	5%
Maintenance - Part Time	36,296	31,106	17%	325,405	297,559	9%	49,628	262,286	24%
Maintenance - Full Time	15,382	15,383	0%	153,822	153,820	0%	22,401	149,150	3%
Officers	15,044	15,092	0%	150,437	150,920	0%	21,969	146,459	3%
Payroll Taxes	8,623	9,935	-13%	80,348	85,006	-5%	12,496	73,728	9%
Employee Benefits	10,016	7,010	43%	88,028	76,022	16%	10,022	69,404	27%
Total Employee Expenses	128,315	116,870	10%	1,156,480	1,127,033	3%	180,169	1,046,841	10%
Total Expenses	230,619	222,444	4%	2,153,300	2,045,090	5%	297,291	1,949,661	10%
Net Income From Operations	(70,844)	(67,891)		(453,378)	(214,352)		(161,634)	(398,083)	

Dakota Golf Management, Inc.
Elmwood Golf Course
Monthly Income Statement - For Month Ending September 30, 2017

	Monthly Actual	Monthly Budget	% Change	YTD Actual	YTD Budget	% Change	2016 Monthly	2016 YTD	% Change
Revenues									
Green Fees	34,816	45,040	-23%	242,232	329,138	-26%	26,476	217,949	11%
Season Passes	(474)	0	-100%	53,754	68,197	-21%	750	56,100	-4%
All City Season Passes	385	0	100%	79,748	50,782	57%	1,950	58,196	37%
Punch Passes	(2,334)	(3,250)	-28%	77,170	83,693	-8%	(2,074)	65,113	19%
Golf Cars	33,927	30,384	12%	261,091	273,406	-5%	22,531	211,926	23%
Rentals	440	392	12%	3,172	3,027	5%	218	2,412	32%
Driving Range	4,428	6,000	-26%	43,439	52,500	-17%	4,782	45,416	-4%
Misc. Revenues	375	0	100%	5,789	5,826	-1%	3,924	4,424	31%
Mdse. and Club Repair	14,421	10,115	43%	87,939	69,862	26%	7,793	69,440	27%
Food & Beverage	20,373	15,509	31%	157,111	144,969	8%	13,372	126,346	24%
Golf Lessons	0	0	0%	837	3,000	-72%	0	1,394	-40%
Misc. Income	356	0	100%	5,766	3,000	92%	999	5,629	2%
Total Revenues	106,714	104,189	2%	1,018,048	1,087,399	-6%	80,722	864,346	18%
20% to Management Fund	21,343	20,838	2%	203,610	217,480	0%	16,144	172,869	18%
Cost of Goods									
COGS - Mdse./C.R.	10,028	7,098	41%	61,578	48,824	26%	5,248	48,858	26%
COGS - Food & Bev.	7,115	7,211	-1%	53,812	50,736	6%	4,704	43,489	24%
Total Cost of Goods Sold	17,143	14,309	20%	115,390	99,560	16%	9,952	92,346	25%
Gross Profit	68,228	69,042	-1%	699,048	770,359	-9%	54,625	599,130	17%
Pro Shop Expenses									
Pro Shop Expenses	85	80	7%	4,434	2,883	54%	930	2,882	54%
Golf Car Expenses	10,097	10,917	-8%	68,037	70,644	-4%	10,086	66,574	2%
Rental Expenses	0	0	0%	0	0	0%	0	1,277	-100%
Driving Range Expenses	0	57	-100%	5,304	3,776	40%	0	10,593	-50%
Club Repair Expenses	0	7	-100%	37	54	-31%	0	67	-44%
Lesson Expenses	0	0	0%	711	3,010	-76%	0	711	0%
Equipment Leases	7,131	7,792	-8%	43,080	47,625	-10%	7,131	39,247	10%
Food & Bev Expense	(9)	677	-101%	5,698	5,839	-2%	374	5,644	1%
Marketing Expenses	932	1,842	-49%	12,800	24,075	-47%	779	7,086	81%
Admin/Office Expenses	10,036	10,209	-2%	95,640	90,090	6%	9,841	83,558	14%
Total Pro Shop Expenses	28,272	31,579	-10%	235,741	247,996	-5%	29,141	217,639	8%
Maintenance Expenses									
Renovation Services	0	0	0%	0	0	0%	4,167	37,500	-100%
Maintenance Services	2,576	1,357	90%	25,163	10,160	148%	2,236	14,277	76%
Repair & Maintenance	6,853	4,462	54%	67,879	41,298	64%	13,987	53,220	28%
Materials	8,376	4,239	98%	180,100	93,966	92%	7,502	108,577	66%
Golf Course Supplies	68	46	48%	10,877	4,256	56%	65	15,190	-28%
Maintenance Supplies	157	463	-66%	10,023	4,179	40%	286	9,230	9%
Utilities	5,053	6,056	-17%	36,172	41,738	-13%	5,296	35,865	1%
Total Maint. Expenses	23,083	16,623	39%	330,214	195,597	69%	33,539	273,860	21%
Employee Expenses									
Pro Shop - Part Time	13,191	10,904	21%	101,082	102,791	-2%	18,592	91,990	10%
Pro Shop - Full Time	5,043	5,043	0%	50,319	50,435	0%	7,345	48,853	3%
Maintenance - Part Time	20,551	17,397	18%	202,532	182,462	11%	28,508	148,296	37%
Maintenance - Full Time	7,145	7,145	0%	71,447	71,447	0%	10,405	69,367	3%
Officers	6,319	6,336	0%	63,187	63,357	0%	9,226	61,509	3%
Payroll Taxes	3,815	4,893	-22%	37,114	41,402	-10%	5,465	32,843	13%
Employee Benefits	4,673	3,655	28%	48,240	39,233	23%	6,637	38,442	25%
Total Employee Expenses	60,736	55,373	10%	573,920	551,127	4%	86,177	491,299	17%
Total Expenses	112,091	103,576	8%	1,139,875	994,721	15%	148,857	982,799	16%
Net Income From Operations	(43,863)	(34,534)		(440,827)	(224,362)		(94,231)	(383,668)	

Dakota Golf Management, Inc.
Kuehn Park Golf Course
Monthly Income Statement - For Month Ending September 30, 2017

	Monthly Actual	Monthly Budget	% Change	YTD Actual	YTD Budget	% Change	2016 Monthly	2016 YTD	% Change
Revenues									
Green Fees	12,615	14,587	-14%	118,323	138,578	-15%	12,599	128,892	-8%
Season Passes	0	0	0%	7,367	22,931	-68%	(150)	13,612	-46%
All City Season Passes	75	0	100%	13,343	11,200	19%	350	9,361	43%
Punch Passes	(793)	(727)	9%	16,024	18,724	-14%	(631)	14,316	12%
Golf Cars	5,463	5,696	-4%	48,110	52,710	-9%	4,997	49,216	-2%
Rentals	525	716	-27%	4,987	5,723	-13%	495	4,482	11%
Driving Range	3,095	3,840	-19%	37,377	48,560	-23%	2,980	40,472	-8%
Misc. Revenues	460	0	100%	2,033	1,000	103%	864	864	135%
Mdse. and Club Repair	752	1,127	-33%	7,743	9,689	-20%	970	9,219	-16%
Food & Beverage	2,941	3,487	-16%	29,728	30,830	-4%	3,027	28,065	6%
Golf Lessons	0	0	0%	0	0	0%	0	0	0%
Misc. Income	53	0	100%	439	0	100%	52	527	-17%
Total Revenues	25,185	28,725	-12%	285,473	339,946	-16%	25,553	299,025	-5%
20% to Management Fund	5,037	5,745	-12%	57,095	67,989	-16%	5,111	59,805	-5%
Cost of Goods									
COGS - Mdse./C.R.	340	508	-33%	3,681	4,184	-12%	543	4,949	-26%
COGS - Food & Bev.	950	1,621	-41%	9,758	9,898	-1%	1,037	9,115	7%
Total Cost of Goods Sold	1,289	2,128	-39%	13,439	14,082	-5%	1,579	14,065	-4%
Gross Profit	18,859	20,852	-10%	214,939	257,874	-17%	18,863	225,156	-5%
Pro Shop Expenses									
Pro Shop Expenses	126	58	118%	649	982	-34%	373	1,284	-49%
Golf Car Expenses	1,687	367	360%	11,923	3,507	240%	1,844	12,033	-1%
Rental Expenses	0	0	0%	0	0	0%	0	(120)	-100%
Driving Range Expenses	0	29	-100%	189	3,646	-95%	0	139	36%
Club Repair Expenses	0	0	0%	0	0	0%	0	0	0%
Lesson Expenses	0	0	0%	0	0	0%	0	0	0%
Equipment Leases	2,840	2,550	11%	17,039	15,450	10%	2,451	13,592	25%
Food & Bev Expense	0	11	-100%	342	440	-22%	22	126	171%
Marketing Expenses	355	523	-32%	4,435	6,135	-28%	262	2,574	72%
Admin/Office Expenses	2,979	3,343	-11%	29,700	28,496	4%	2,943	26,937	10%
Total Pro Shop Expenses	7,988	6,881	16%	64,278	58,656	10%	7,895	56,566	14%
Maintenance Expenses									
Renovation Services	0	0	0%	0	0	0%	0	0	0%
Maintenance Services	282	230	23%	2,331	1,603	45%	254	2,423	-4%
Repair & Maintenance	110	1,052	-90%	9,757	9,837	-1%	406	6,876	42%
Materials	385	985	-61%	8,919	10,836	-18%	1,214	5,890	51%
Golf Course Supplies	0	0	0%	1,875	1,059	77%	0	522	259%
Maintenance Supplies	0	72	-100%	138	755	-82%	56	332	-59%
Utilities	697	1,233	-43%	7,077	7,947	-11%	838	6,719	5%
Total Maint. Expenses	1,473	3,572	-59%	30,097	32,036	-6%	2,767	22,763	32%
Employee Expenses									
Pro Shop - Part Time	3,959	3,663	8%	26,557	29,433	-10%	6,219	30,334	-12%
Pro Shop - Full Time	3,006	2,999	0%	21,479	23,368	-8%	3,853	18,645	15%
Maintenance - Part Time	2,803	3,358	-17%	23,777	26,329	-10%	5,709	26,807	-11%
Maintenance - Full Time	1,044	1,076	-3%	10,444	10,757	-3%	1,567	10,444	0%
Officers	2,407	2,420	-1%	24,070	24,206	-1%	3,516	23,440	3%
Payroll Taxes	1,141	1,189	-4%	9,560	10,041	-5%	1,817	9,721	-2%
Employee Benefits	492	529	-7%	4,919	5,513	-11%	417	5,248	-6%
Total Employee Expenses	14,853	15,234	-3%	120,806	129,647	-7%	23,099	124,639	-3%
Total Expenses	24,313	25,686	-5%	215,181	220,339	-2%	33,760	203,967	5%
Net Income From Operations	(5,454)	(4,834)		(241)	37,536		(14,897)	21,188	

Dakota Golf Management, Inc.
Prairie Green Golf Course
Monthly Income Statement - For Month Ending September 30, 2017

	Monthly Actual	Monthly Budget	% Change	YTD Actual	YTD Budget	% Change	2016 Monthly	2016 YTD	% Change
Revenues									
Green Fees	37,193	38,220	-3%	264,859	302,575	-12%	31,849	269,831	-2%
Season Passes		0	0%	24,196	31,837	-24%	450	29,834	-19%
All City Season Passes	783	0	100%	153,964	129,782	19%	2,250	108,003	43%
Punch Passes	(3,900)	(3,252)	20%	75,659	83,740	-10%	(3,101)	78,193	-3%
Golf Cars	35,309	28,858	22%	271,380	277,277	-2%	24,934	248,023	9%
Rentals	317	336	-6%	2,275	2,350	-3%	211	1,997	14%
Driving Range	6,752	6,200	9%	74,249	64,020	16%	6,368	67,970	9%
Misc. Revenues	375	0	100%	9,067	5,560	63%	3,924	3,943	130%
Mdse. and Club Repair	5,047	6,609	-24%	57,101	47,017	21%	5,976	47,097	21%
Food & Beverage	22,052	17,435	26%	160,933	166,876	-4%	15,310	148,140	9%
Golf Lessons	0	0	0%	1,023	3,000	-66%	0	2,145	-52%
Misc. Income	323	0	100%	5,744	3,000	91%	966	5,553	3%
Total Revenues	104,251	94,405	10%	1,100,448	1,117,033	-1%	89,138	1,010,731	9%
20% to Management Fund	20,850	18,881	10%	220,090	223,407	-1%	17,828	202,146	9%
Cost of Goods									
COGS - Mdse./C.R.	2,955	4,727	-37%	40,018	32,641	23%	3,802	31,928	25%
COGS - Food & Bev.	7,757	6,139	26%	54,406	58,481	-7%	5,339	49,365	10%
Total Cost of Goods Sold	10,712	10,866	-1%	94,424	91,122	4%	9,141	81,293	16%
Gross Profit	72,689	64,658	12%	785,934	802,504	-2%	62,169	727,292	8%
Pro Shop Expenses									
Pro Shop Expenses	220	113	95%	2,658	3,373	-21%	930	2,630	1%
Golf Car Expenses	10,071	11,284	-11%	64,529	73,498	-12%	10,293	67,336	-4%
Rental Expenses	0	0	0%	0	0	0%	0	1,420	-100%
Driving Range Expenses	0	57	-100%	5,980	3,871	54%	2,000	4,567	31%
Club Repair Expenses	0	0	0%	0	0	0%	0	0	0%
Lesson Expenses	0	0	0%	869	2,915	-70%	0	2,267	-62%
Equipment Leases	6,823	7,667	-11%	40,938	46,500	-12%	6,434	35,678	15%
Food & Bev Expense	(41)	439	-109%	4,145	3,850	8%	(9)	5,153	-20%
Marketing Expenses	932	1,308	-29%	11,651	17,400	-33%	687	6,757	72%
Admin/Office Expenses	10,499	10,523	0%	92,121	91,110	1%	9,243	83,723	10%
Total Pro Shop Expenses	28,504	31,391	-9%	222,890	242,516	-8%	29,579	209,531	6%
Maintenance Expenses									
Renovation Services	0	0	0%	0	0	0%	0	0	0%
Maintenance Services	658	673	-2%	5,036	4,363	15%	564	4,642	8%
Repair & Maintenance	2,980	3,899	-24%	23,364	35,782	-35%	4,216	33,872	-31%
Materials	4,080	4,571	-11%	43,235	57,930	-25%	2,738	46,092	-6%
Golf Course Supplies	6	11	-44%	5,886	4,584	28%	72	3,676	60%
Maintenance Supplies	92	325	-72%	1,173	2,908	-60%	532	2,451	-52%
Utilities	5,169	6,048	-15%	34,906	35,687	-2%	6,080	31,727	10%
Total Maint. Expenses	12,985	15,527	-16%	113,600	141,255	-20%	14,202	122,461	-7%
Employee Expenses									
Pro Shop - Part Time	12,340	10,914	13%	111,304	109,476	2%	19,761	109,683	1%
Pro Shop - Full Time	5,414	4,820	12%	47,699	48,202	-1%	7,884	46,309	3%
Maintenance - Part Time	12,942	10,351	25%	99,097	88,769	12%	15,410	87,183	14%
Maintenance - Full Time	7,193	7,162	0%	71,931	71,616	0%	10,430	69,339	4%
Officers	6,318	6,336	0%	63,181	63,357	0%	9,227	61,510	3%
Payroll Taxes	3,668	3,852	-5%	33,675	33,563	0%	5,214	31,163	8%
Employee Benefits	4,851	2,827	72%	34,869	31,276	11%	2,968	25,714	36%
Total Employee Expenses	52,726	46,263	14%	461,755	446,259	3%	70,893	430,902	7%
Total Expenses	94,215	93,181	1%	798,245	830,030	-4%	114,674	762,894	5%
Net Income From Operations	(21,527)	(28,523)		(12,310)	(27,526)		(52,505)	(35,603)	

GREAT BEAR RECREATION PARK, INC.

FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

GREAT BEAR RECREATION PARK, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Great Bear Recreation Park, Inc.
Sioux Falls, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of **GREAT BEAR RECREATION PARK, INC.** (a nonprofit organization), which comprise the statements of financial position as of April 30, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 risk 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 **GREAT BEAR RECREATION PARK, INC.** as of April 30, 2017 and 2016, 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.

Thurman Comes Foley & Co LLP

Sioux Falls, South Dakota
August 28, 2017

GREAT BEAR RECREATION PARK, INC.

STATEMENTS OF FINANCIAL POSITION

APRIL 30, 2017 AND 2016

	ASSETS	
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 23,167	\$ 20,430
Accounts receivable	6,762	12,111
Special project fund receivable	-	6,500
Inventory	24,360	19,342
Prepaid expenses	34,958	28,451
Total current assets	<u>89,247</u>	<u>86,834</u>
 PROPERTY AND EQUIPMENT		
Equipment	312,558	346,443
Park Improvement in progress	-	5,000
Less accumulated depreciation	<u>(235,676)</u>	<u>(288,071)</u>
	<u>76,882</u>	<u>63,372</u>
 Total assets	 \$ <u>166,129</u>	 \$ <u>150,206</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,691	\$ 2,621
Accrued expenses	8,075	3,279
Gift cards payable	13,465	11,358
Customer deposits	4,955	5,050
Notes payable	64,000	79,000
Total current liabilities	<u>94,186</u>	<u>101,308</u>
 NET ASSETS		
Temporarily restricted net assets	<u>71,943</u>	<u>48,898</u>
 Total liabilities and net assets	 \$ <u>166,129</u>	 \$ <u>150,206</u>

See Notes to Financial Statements

GREAT BEAR RECREATION PARK, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES AND SUPPORT		
Lift	\$ 295,017	\$ 308,890
Food and beverage	210,618	253,938
Season passes	156,776	205,165
Rentals	99,792	110,373
Lessons	49,425	49,465
Groups	43,834	38,923
Events	9,199	9,340
Retail	6,185	6,475
Gift certificates	6,101	5,204
Management fee, in kind	66,400	70,600
Special project fund income	50,467	57,167
Sponsor	23,650	22,500
Interest income	5	125
	<hr/>	<hr/>
Total revenues and support	1,017,469	1,138,165
EXPENSES		
Payroll	376,607	409,430
Payroll taxes	30,463	33,774
Employee health insurance	1,622	1,622
Total salaries and related expenses	<hr/> 408,692	<hr/> 444,826
Advertising	114,155	109,514
Utilities	91,180	97,589
Food and beverages	73,886	91,034
Insurance	53,936	58,385
Supplies	37,715	35,098
Repairs and maintenance	22,433	19,815
Bank charges	20,059	19,777
Professional fees	9,871	10,799
Snomax supplies	6,417	7,716
Travel	4,870	7,763
Retail items purchased for resale	4,699	4,079
Dues and subscriptions	4,604	3,270
Uniforms	3,701	1,823
Interest expense	2,774	7,850
Licenses	1,530	3,118
Unrelated business tax	1,301	1,226
Donations	527	910
Use tax	76	1,086
Rent expense, in kind	66,400	70,600
Depreciation	27,553	38,560
	<hr/>	<hr/>
Total expenses	956,379	1,034,838
Change in temporarily restricted net assets from operations	61,090	103,327
Net assets released to the City	<hr/> (38,045)	<hr/> (681,052)
Change in temporarily restricted net assets	23,045	(577,725)
NET ASSETS, Beginning of year	<hr/> 48,898	<hr/> 626,623
NET ASSETS, End of year	<hr/> \$ 71,943	<hr/> \$ 48,898

See Notes to Financial Statements

GREAT BEAR RECREATION PARK, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 23,045	\$ (577,725)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	27,553	38,560
Park improvements donated to the City	38,045	681,052
Changes in assets and liabilities		
Accounts receivable	5,349	333
Special project fund receivable	6,500	(6,500)
Inventory	(5,018)	860
Prepaid expenses	(6,507)	2,000
Accounts payable	1,070	2,102
Accrued expenses	4,797	(3,954)
Gift cards payable	2,107	2,513
Customer deposits	(95)	1,350
	<u>96,846</u>	<u>140,591</u>
Net cash provided by operating activities	96,846	140,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(46,064)	(14,008)
Purchase of park improvements	(33,045)	(104,829)
	<u>(79,109)</u>	<u>(118,837)</u>
Net cash used in investing activities	(79,109)	(118,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net principal payments on notes payable	(15,000)	(239,500)
	<u>(15,000)</u>	<u>(239,500)</u>
Net cash used by financing activities	(15,000)	(239,500)
Net increase (decrease) in Cash and Cash Equivalents	2,737	(217,746)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>20,430</u>	<u>238,176</u>
CASH AND CASH EQUIVALENTS, End of year	\$ <u><u>23,167</u></u>	\$ <u><u>20,430</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ <u><u>2,774</u></u>	\$ <u><u>7,850</u></u>

See Notes to Financial Statements

GREAT BEAR RECREATION PARK, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Activities

Great Bear Recreation Park, Inc. (the Organization) was incorporated as a nonprofit corporation under the laws of the State of South Dakota. The Organization was organized to support and promote winter sports, Special Olympics, state, county and municipal parks and other facilities devoted to such purposes, and to provide management and operating services with respect to the foregoing.

b. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

c. Basis of Presentation

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

As of April 30, 2017, the Organization had no unrestricted or permanently restricted net assets. See Note 2 for further explanation.

d. 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. Accordingly, actual results could differ from those estimates.

e. Cash and Cash Equivalents

For purposes reporting cash flows, the Organization considers all financial instruments with an original maturity of three months or less to be cash equivalents.

f. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at fiscal year-end. Bad debts are written off directly to expense and

g. Special Project Fund Receivable

Special project fund receivable is from the Sioux Falls Area Community Foundation. The Organization has determined that all accounts receivable are collectible and no allowance was necessary. Also, see Note 4.

h. Inventory

Inventory is valued at cost on a first-in, first-out basis.

GREAT BEAR RECREATION PARK, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

i. **Property and Equipment**

Property and equipment is stated at cost or at fair market value at the date of donation. Expenditures over \$2,500 for assets purchased for improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is computed using the straight-line method. Estimated useful lives for depreciation range from five to seven years. Depreciation expense totaled \$27,553 and \$38,560 for the years ended April 30, 2017 and 2016, respectively.

j. **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes, except for any unrelated business income, under Section 501(c)(4) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation,. During the fiscal years April 30, 2017 and 2016, the Organization incurred unrelated business income of \$23,650 and \$22,500, respectively, related to sponsorship/advertising income. Income taxes paid amounted to \$1,269 and \$1,200 for fiscal years April 30, 2017 and 2016, respectively.

The Organization believes it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

k. **In Kind Contributions**

It is the Organization's policy to record non-cash items and in-kind gifts at their fair value on the date they are received. No donated materials or services were received for the years ending April 30, 2017 and 2016, respectively. However, the Organization does benefits from the donated use of the facilities. See Note 3.

l. **Expenses**

All expenses are the result of the management and operation of the recreation park. Therefore, functional classifications of expenses were not provided.

m. **Concentration of Credit Risk**

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Management believes it cash and cash equivalents are held by high quality credit institutions. At time, these balances may exceed the Federal Deposit Insurance Corporation insurance limit or include uninsured investments.

n. **Advertising Costs**

Advertising costs are charged to operations when incurred. Advertising expense for the years ended April 30, 2017 and 2016 was \$114,155 and 109,514, respectively.

o. **Revenue Recognition**

Revenue is recognized as earned. Event revenue or customer deposits received in advance are deferred to the applicable period in which the related event occurs.

GREAT BEAR RECREATION PARK, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between years presented. The reclassifications had no impact on previously reported net assets and consisted of changes to the presentation of the statements of activities.

q. Date of Management's Review

Subsequent events were evaluated through August 28, 2017, which is the date that the financial statements were available to be issued.

2. NET ASSET DESIGNATIONS AND RESTRICTIONS

The Organization has an agreement with the City of Sioux Falls to operate and manage a year-round recreational facility for public use. Under this agreement, the Organization is required to maintain a separate bank account for the revenue and expenses related solely to this enterprise.

Upon termination of the management agreement with the City of Sioux Falls, the Organization must relinquish all property at the recreational park including cash, inventory, rental equipment, and office supplies that were purchased for the purpose of operating and managing the facility.

The Organization has incurred approximately \$2,340,000 in park improvements since inception that are not shown on these financial statements as title has reverted to the City of Sioux Falls at the time the expenditure was complete. Since 2010 the Organization has had work in progress on a tubing hill renovation project, the project was completed and transferred to the City as of April 30, 2016 in the amount of approximately \$681,000.

As all assets listed on the Statement of Financial Position as of April 30, 2017 and 2016 are used for, or are the result of the management and operations of the recreational facility managed on behalf of the City of Sioux Falls, all assets are considered temporarily restricted.

3. MANAGEMENT AGREEMENT

The management agreement with the City of Sioux Falls dated April 12, 2013, to operate the facility, commenced on May 1, 2013 and will expire on April 30, 2018, unless earlier terminated under the terms of the agreement or subsequently extended. Under this agreement, the Organization does not receive any management fees or compensation, but also does not pay rent for the use of the land, buildings and other permanent fixtures located at the recreational facility and owned by the City. Management has determined that the estimated fair market value of the management fees not received and rent expense not assessed as of April 30, 2017 and 2016 would be \$66,400 and \$70,600, respectively. The estimated revenue has been recorded as in kind management fee income and the estimated expense has been recorded as in kind rent expense on the April 30, 2017 and 2016 income statement in accordance with generally accepted accounting principles.

4. SPECIAL PROJECTS FUND

The Organization received contributions from the Sioux Falls Area Community Foundation during the fiscal year ending April 30, 2017 and 2016. The Organization received approximately \$50,467 and \$57,167, respectively in special projects funds related to the tubing hill renovation. The Organization has expended that money for the intended purpose.

The Organization is also the beneficiary of the Angus Anson Family Great Bear Endowment held by the Sioux Falls Area Community Foundation. Contributions received for both the special projects fund and Angus Anson fund are recorded when received. The total fund balances are designated funds of the Sioux Falls Area Community Foundation and are not reflected in Great Bears financial statements.

GREAT BEAR RECREATION PARK, INC.

NOTES TO FINANCIAL STATEMENTS

5. NOTES PAYABLE

The Organization has a bank line of credit available, expiring October 2017. The stated amount available is \$150,000, with a variable interest rate, which was 5.50% at April 30, 2017. Balances outstanding at April 30, 2017 are \$64,000 and April 30, 2016 was \$79,000.

Interest expense was \$2,774 and \$7,850 for 2017 and 2016, respectively.

