

THE BAKKEN
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

**THE BAKKEN
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Bakken
Minneapolis, Minnesota

We have audited the accompanying financial statements of The Bakken, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Board of Directors
The Bakken

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bakken at December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 9, 2019

**THE BAKKEN
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,518,227	\$ 804,839
Inventory	16,698	17,740
Prepaid Expenses	14,338	11,245
Pledges Receivable - Current Portion	31,367	129,837
Contribution Receivable from Lead Trust - Current Portion	300,000	300,000
Other Receivables	35,484	37,394
Total Current Assets	<u>1,916,114</u>	<u>1,301,055</u>
LONG-TERM PORTION OF CONTRIBUTION RECEIVABLE FROM LEAD TRUST	707,113	916,634
LIBRARY AND MUSEUM COLLECTIONS	2,948,523	2,948,523
LONG-TERM PORTION OF PLEDGES RECEIVABLE	18,550	151,304
PROPERTY AND EQUIPMENT		
Land and Building	6,654,576	6,652,481
Fixtures and Equipment	307,221	302,788
Total	<u>6,961,797</u>	<u>6,955,269</u>
Less: Accumulated Depreciation	(5,231,263)	(4,895,830)
Total Property and Equipment	<u>1,730,534</u>	<u>2,059,439</u>
Total Assets	<u><u>\$ 7,320,834</u></u>	<u><u>\$ 7,376,955</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Capital Lease Obligations, Current	\$ 2,208	\$ 1,937
Accounts Payable	39,453	81,565
Accrued Payroll and Related Liabilities	30,663	24,312
Deferred Revenue	33,607	24,455
Notes Payable, Current	20,695	19,905
Other Liabilities	273	-
Total Current Liabilities	<u>126,899</u>	<u>152,174</u>
LONG-TERM LIABILITIES		
Capital Lease Obligations, Long-Term	1,009	3,218
Notes Payable, Long-Term	23,469	44,043
Total Long-Term Liabilities	<u>24,478</u>	<u>47,261</u>
Total Liabilities	151,377	199,435
NET ASSETS		
Without Donor Restrictions:		
Undesignated	4,854,577	5,021,177
Board Designated	90,000	90,000
Total Unrestricted	<u>4,944,577</u>	<u>5,111,177</u>
With Donor Restrictions	2,224,880	2,066,343
Total Net Assets	<u>7,169,457</u>	<u>7,177,520</u>
Total Liabilities and Net Assets	<u><u>\$ 7,320,834</u></u>	<u><u>\$ 7,376,955</u></u>

See accompanying Notes to Financial Statements.

**THE BAKKEN
STATEMENTS OF ACTIVITY
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUE						
Support:						
Contributions	\$ 269,905	\$ 1,409,745	\$ 1,679,650	\$ 420,337	\$ 432,415	\$ 852,752
Other Revenue:						
Facility Use Fees	100,160	-	100,160	98,618	-	98,618
Program Service Fees, Net of Scholarships of \$75,910 and \$76,739, Respectively	559,150	-	559,150	494,345	-	494,345
Change in Split-Interest Agreement	-	90,479	90,479	-	202,562	202,562
Miscellaneous	41,195	-	41,195	41,553	-	41,553
Total Other Revenue	700,505	90,479	790,984	634,516	202,562	837,078
	1,341,687	(1,341,687)	-	1,084,053	(1,084,053)	-
NET ASSETS RELEASED FROM RESTRICTIONS						
Total Support and Other Revenue	2,312,097	158,537	2,470,634	2,138,906	(449,076)	1,689,830
EXPENSES						
Program Services	1,743,032	-	1,743,032	1,880,117	-	1,880,117
Management and General	384,090	-	384,090	355,533	-	355,533
Fundraising	351,575	-	351,575	265,299	-	265,299
Total Expenses	2,478,697	-	2,478,697	2,500,949	-	2,500,949
	(166,600)	158,537	(8,063)	(362,043)	(449,076)	(811,119)
CHANGE IN NET ASSETS						
Net Assets - Beginning of Year	5,111,177	2,066,343	7,177,520	5,473,220	2,515,419	7,988,639
NET ASSETS - END OF YEAR	<u>\$ 4,944,577</u>	<u>\$ 2,224,880</u>	<u>\$ 7,169,457</u>	<u>\$ 5,111,177</u>	<u>\$ 2,066,343</u>	<u>\$ 7,177,520</u>

See accompanying Notes to Financial Statements.

**THE BAKKEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	2018						
	Program			Management and General			
	Exhibits and Collections	Education	Public	Total Program	Administrative		
Salaries	\$ 151,175	\$ 513,058	\$ 183,499	\$ 847,732	\$ 160,288	\$ 177,474	\$ 1,185,494
Benefits	10,458	47,160	19,070	76,688	7,667	17,474	101,829
Payroll Taxes	11,405	37,924	13,646	62,975	11,671	13,360	88,006
Total Personnel Costs	<u>173,038</u>	<u>598,142</u>	<u>216,215</u>	<u>987,395</u>	<u>179,626</u>	<u>208,308</u>	<u>1,375,329</u>
Consultants	138,636	44,394	7,314	190,344	29,790	63,529	283,663
Advertising and Promotion	3,749	24,288	7,094	35,131	180	-	35,311
Program and Office Supplies	17,448	33,470	39,853	90,771	5,995	10,600	107,366
Information Technology	1,720	741	574	3,035	1,423	2,953	7,411
Equipment and Repairs	868	6,729	1,495	9,092	1,033	1,306	11,431
Occupancy	15,677	73,618	19,242	108,537	14,211	15,151	137,899
Travel	131	7,713	637	8,481	4,160	1,534	14,195
Conferences, Conventions, and Meetings	1,011	2,837	2,234	6,082	2,279	5,869	14,230
Staff Development and Recruitment	424	2,128	631	3,183	4,384	414	7,981
Depreciation	29,310	183,876	48,825	262,011	34,980	38,444	335,435
Insurance	2,541	15,943	4,233	22,717	3,033	3,333	29,083
Interest Expense	-	-	-	-	2,826	-	2,826
Bad Debt Expense	-	-	-	-	85,000	-	85,000
Taxes and Fees	-	8,878	7,375	16,253	15,150	134	31,537
Total Expense	<u>\$ 384,553</u>	<u>\$ 1,002,757</u>	<u>\$ 355,722</u>	<u>\$ 1,743,032</u>	<u>\$ 384,090</u>	<u>\$ 351,575</u>	<u>\$ 2,478,697</u>

See accompanying Notes to Financial Statements.

**THE BAKKEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	2017						
	Program			Management and General			
	Exhibits and Collections	Education	Public	Total Program	Administrative		
Salaries	\$ 164,631	\$ 564,368	\$ 169,242	\$ 898,241	\$ 166,043	\$ 168,293	\$ 1,232,577
Benefits	19,319	52,469	11,514	83,302	12,583	12,772	108,657
Payroll Taxes	12,225	41,394	12,587	66,206	11,611	12,298	90,115
Total Personnel Costs	196,175	658,231	193,343	1,047,749	190,237	193,363	1,431,349
Consultants	128,797	105,174	7,013	240,984	20,213	2,727	263,924
Advertising and Promotion	4,877	47,306	3,118	55,301	555	7,461	63,317
Program and Office Supplies	8,529	38,167	34,167	80,863	9,078	4,254	94,195
Information Technology	3,345	12,852	4,963	21,160	2,214	6,351	29,725
Equipment and Repairs	-	-	-	-	-	-	-
Occupancy	15,219	73,241	21,621	110,081	14,992	12,204	137,277
Travel	4,468	7,823	1,791	14,082	9,975	1,949	26,006
Conferences, Conventions, and Meetings	722	4,861	836	6,419	3,650	703	10,772
Staff Development and Recruitment	2,201	4,118	1,656	7,975	23,373	1,068	32,416
Depreciation	29,783	182,511	55,483	267,777	37,823	31,372	336,972
Insurance	3,074	18,837	5,727	27,638	3,904	3,238	34,780
Interest Expense	-	-	-	-	3,702	-	3,702
Bad Debt Expense	-	-	-	-	2,620	-	2,620
Taxes and Fees	-	-	88	88	33,197	609	33,894
Total Expense	\$ 397,190	\$ 1,153,121	\$ 329,806	\$ 1,880,117	\$ 355,533	\$ 265,299	\$ 2,500,949

See accompanying Notes to Financial Statements.

**THE BAKKEN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (8,063)	\$ (811,119)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	335,435	336,972
(Increase) Decrease in Current Assets:		
Inventory	1,042	(2,632)
Prepaid Expenses	(3,093)	(7,273)
Pledges Receivable	231,224	904,224
Other Receivables	1,910	5,786
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(42,112)	(2,122)
Accrued Payroll and Related Liabilities	6,351	(23,317)
Deferred Revenue	9,152	4,059
Other Liabilities	273	(2,238)
Change in Contribution Receivable from Lead Trust	(90,479)	(202,562)
Net Cash Provided by Operating Activities	441,640	199,778
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(6,530)	(58,715)
Net Cash Used by Investing Activities	(6,530)	(58,715)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions from Lead Trust	300,000	300,000
Principal Payments on Capital Lease Obligations	(1,938)	(1,700)
Payments on Notes Payable	(19,784)	(19,145)
Net Cash Provided by Financing Activities	278,278	279,155
 INCREASE IN CASH AND CASH EQUIVALENTS	713,388	420,218
Cash and Cash Equivalents - Beginning of Year	804,839	384,621
 CASH AND CASH EQUIVALENTS - OPERATING - END OF YEAR	\$ 1,518,227	\$ 804,839
 SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Purchases of Property and Equipment in Accounts Payable	\$ -	\$ 22,290

See accompanying Notes to Financial Statements.

**THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Bakken (the Organization) is a tax-exempt, charitable organization operating as a museum in Minneapolis, MN. The Bakken Museum inspires a passion for innovation by exploring the potential for science, technology, and the humanities to make the world a better place. Building a community at the intersection of science, technology, health, and wellness, The Bakken aims to leverage the past to inspire the next generation of innovators to transform the future.

Financial Statement Presentation

The Bakken's financial statements are presented in accordance with the Statement of Financial Accounting Standards relating to *Accounting for Contributions Received and Contributions Made*, and *Financial Statements of Not-for-Profit Organizations*. Under the provisions of these standards, net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of The Bakken and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent resources over which the board of directors has discretionary control. Board designated amounts represent those revenues which the board has set aside for a particular purpose. The board has designated amounts for a reserve fund that is intended to be used for capital improvements, major projects, emergency repairs, special purposes, and other such purposes as the board shall determine.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent resources whose use has been limited by donors to a specific purpose or time period. Some donor-imposed 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 the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

The Organization had no perpetually restricted net assets at December 31, 2018 and 2017.

Cash and Cash Equivalents

Cash and cash equivalents include checking, savings, and money market funds. The Bakken places its temporary cash investments with one financial institution. At times, such balances are in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Inventories

Inventories are valued at the lower of cost or net realizable value.

**THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges

Pledges receivable are stated at net realizable value. An allowance for doubtful accounts has been recorded in the amount of \$3,030 as of December 31, 2018 and 2017. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the pledge is received. Conditional pledges are not included as support until such times as the conditions are substantially met.

Contributions Receivable from Lead Trust

The Organization is the beneficiary of a charitable lead trust. The charitable lead trust provides for semiannual \$150,000 distributions for the longer of 20 years (beginning April 1997) or the life of the grantor and his wife. In 2018, the grantor passed away. At the end of the trust's term, the remaining assets will be distributed to the grantor's beneficiaries. The portion of the trust attributed to the future interest of the Organization was recorded in the statement of activity as with donor restricted contributions in the period the trust was established. The contribution receivable by the Organization under the trust is recorded at the present value of the estimated future payments and is calculated using a discount rate of 8% and applicable mortality tables for his wife.

Library and Museum Collections

The Library and Museum collections are comprised of various physical instruments, objects, and rare books. Collection items are stated at cost, if purchased, or at fair market value at date of receipt, if donated and if such items have a significant future benefit or economic value. Collection items are not depreciated.

Exhibits

Exhibit costs are expensed when incurred.

Property and Equipment

Land, building, fixtures, and equipment exceeding a capitalization threshold of \$1,000 are stated at cost if purchased or at fair market value at date of receipt if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 25 years. Expenditures for maintenance and repairs are expensed as incurred.

Contributed Services

A substantial number of volunteers have donated over 4,571 and 3,682 hours of their time during 2018 and 2017, respectively, to The Bakken's program services. The value of this donated time has not been recognized in the statements of activity since it does not meet the standards of recognition under accounting principles generally accepted in the United States of America.

**THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Expenses

Advertising costs are expensed when incurred. Advertising costs were \$35,311 and \$63,317 for the years ended December 31, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of providing various program and supporting service activities have been summarized on a functional basis. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated generally on the amount of time spent by employees on each function. Accordingly, certain costs have been allocated across the program and supporting services that have benefited.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Tax Exempt Status

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 209.3. Charitable contributions by donors are tax deductible. The Organization follows guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization is not aware of any uncertain tax positions taken. The Organization's tax returns are subject to review and examination by federal and state authorities.

Fair Value Measurements

The Organization follows *Fair Value Measurements* standards that establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The Organization accounts for its contribution receivable from lead trust at fair value. In accordance with the Fair Value Measurement standard, the Organization has categorized its contribution receivable from lead trust based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 – Inputs: quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs: financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Inputs: unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing asset or liability (including risk assumptions) developed based on the best information available in the circumstances.

No assets or liabilities were measured at fair value at December 31, 2018 or 2017.

Change in Accounting Principle

The Organization adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2018. These changes were applied retrospectively to ensure comparability with the prior year presented herein except for the liquidity disclosure, which has only been presented as of December 31, 2018. The adoption did not impact the Organization's financial position as of December 31, 2018 and 2017 or the changes in its net assets or cash flows for the years then ended.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 9, 2019, the date the financials were available to be issued.

NOTE 2 LIQUIDITY

The Bakken's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of education programs, exhibit development and maintenance, collections and public programs as well as the conduct of services undertaken to support those activities to be general expenditures. To help manage unanticipated liquidity needs, the Organization has an available line of credit in the amount of \$100,000 which it could draw upon, which is described in Note 6 of the financial statements.

**THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 2 LIQUIDITY (CONTINUED)

As of December 31, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and Cash Equivalents	\$ 1,518,227
Accounts Receivable	35,484
Pledges Receivable	49,917
Lead Trust Receivable	<u>1,007,113</u>
Total Financial Assets	2,610,741
Less: Lead Trust Receivable with Liquidity Horizon Greater than One Year	(707,113)
Less: Pledges Receivable with Liquidity Horizon Greater than One Year	(18,550)
Donor Restricted Net Assets	<u>(1,209,184)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 675,894</u>

NOTE 3 CONTRIBUTION RECEIVABLE FROM LEAD TRUST – RELATED PARTY

The Organization's contribution receivable from lead trust is categorized as follows:

<u>Year Ending December 31,</u>	<u>2018</u>	<u>2017</u>
2018	\$ -	\$ 300,000
2019	300,000	300,000
2020	300,000	300,000
2021	300,000	300,000
2022	<u>300,000</u>	<u>300,000</u>
Total Contributions Receivable	1,200,000	1,500,000
Less: Present Value Discount - 8%	(192,887)	(283,366)
Less: Current Portion of Contribution Receivable	<u>(300,000)</u>	<u>(300,000)</u>
Long-Term Portion of Contribution Receivable	<u>\$ 707,113</u>	<u>\$ 916,634</u>

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable mainly consist of contributions from a limited number of foundations and contributions from fundraising events. Future receipts for the years ending December 31 are as follows:

<u>Year Ending December 31,</u>	<u>2018</u>	<u>2017</u>
2018	\$ -	\$ 129,837
2019	31,367	94,200
2020	20,366	42,866
2021	3,700	24,700
2022	200	1,200
2022	-	3,000
Total Pledges Receivable	<u>55,633</u>	<u>295,803</u>
Less: Allowance for Doubtful Accounts	(3,030)	(3,030)
Less: Present Value Discount	(2,686)	(11,632)
Less: Current Portion of Pledges Receivable	<u>(31,367)</u>	<u>(129,837)</u>
Long-Term Portion of Pledges Receivable	<u>\$ 18,550</u>	<u>\$ 151,304</u>

The imputed interest rate utilized for computing the discount for long-term pledges was 5.50% and 4.50% as of December 31, 2018 and 2017, respectively.

NOTE 5 PENSION PLAN

The Bakken currently offers a 403b Retirement Plan to all employees who work over 1,000 hours per year. Beginning in 2001, employer contributions to the plan comply with a match structure approved by the board, up to a maximum allowed match of 5%. Contributions to the plan totaled \$31,481 and \$35,453 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 LINE OF CREDIT

On February 2, 2018, the Organization entered into a \$100,000 revolving line of credit agreement. Interest accrues at .75% over the prime rate on the line of credit. The line of credit expires on February 1, 2019. All assets of the Organization served as collateral on the line of credit. There was \$0- outstanding on the line of credit as of December 31, 2018 and 2017.

The Organization is required to file audited financial statements with the bank within 30 days of year-end to remain in compliance with the line of credit covenants.

Subsequent to year-end, the Organization renewed the \$100,000 revolving line of credit as of February 8, 2019. The line of credit expires on February 1, 2020.

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 7 NET ASSETS

With Donor Restricted Net Assets

Net assets with donor restrictions consist of the following at December 31:

	2018	2017
Subject to Expenditure for Specified Purpose:		
Educational Programs	\$ 93,001	\$ 322,692
Sustainability Plan	1,101,183	-
Outreach	15,000	-
Total	1,209,184	322,692
Subject to the Passage of Time:		
Contribution Receivable from Lead Trust	1,007,113	1,216,634
Promises to Give that are Not Restricted by Donors, but Which are Restricted for Timing	8,583	527,017
Total	1,015,696	1,743,651
 Total Net Assets with Donor Restrictions	 \$ 2,224,880	 \$ 2,066,343

Restrictions Released

Net assets released from restrictions were as follows for the years ended December 31:

	2018	2017
Net Asset Releases:		
Educational Programs	\$ 414,948	\$ 215,811
Sustainability Plan	98,817	-
Time	527,922	568,242
Change in Contribution Receivable from Lead Trust	300,000	300,000
Total Net Assets Released	\$ 1,341,687	\$ 1,084,053

NOTE 8 CAPITAL LEASE OBLIGATIONS

The Bakken has a capital lease relating to a copier for the year ended December 31, 2018. The lease payments are recorded as interest expense and principal reduction. At December 31, 2018 and 2017, the total capitalized cost of equipment under the lease was \$9,130 and the accumulated depreciation was \$7,913 and \$6,087, respectively.

Capital lease obligations consist of the following at December 31:

	2018
Present Value of Minimum Lease Payments	\$ 3,217
Less: Current Portion	(2,208)
Noncurrent Portion	\$ 1,009

**THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 8 CAPITAL LEASE OBLIGATIONS (CONTINUED)

Future minimum lease commitments under the capital lease consist of the following:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 2,501
2020	1,042
Total	<u>3,543</u>
Less: Amount Representing Interest	326
Present Value of Minimum Lease Payments	<u><u>\$ 3,217</u></u>

NOTE 9 NOTES PAYABLE

The Organization signed a note payable for \$100,000 for the purchase of LED lighting. The note bears interest at 3.9% with a maturity on January 27, 2021. The LED lighting serves as the collateral on the note.

Scheduled maturities of the note payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 20,695
2020	21,517
2021	1,952
Total	<u><u>\$ 44,164</u></u>

NOTE 10 RELATED PARTY TRANSACTIONS

One board member is an employee of a bank from which The Bakken does their primary banking.

NOTE 11 CONCENTRATIONS

Total contribution revenue for the years ended December 31, 2018 and 2017 consists of approximately 78% and 50% from one and four donors, respectively.

As of December 31, 2018 and 2017, 89% and 55% of the Organization's receivables were from three donors and two donors, respectively.

If these receivables are not received, or if a significant reduction in the level of this support were to occur, it might have a significant effect on the Bakken's programs and activities.