

Big City Mountaineers

Financial Statements

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)



Certified Public Accountants

Big City Mountaineers

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Big City Mountaineers

Opinion

We have audited the accompanying financial statements of Big City Mountaineers (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big City Mountaineers as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big City Mountaineers and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



Certified Public Accountants

Independent Auditor's Report

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big City Mountaineers's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big City Mountaineers's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of Big City Mountaineers as of and for the year ended December 31, 2020, were audited by other auditors whose report dated August 20, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Olson, Reyes and Sauerwein, LLC

Centennial, Colorado

August 18, 2022

Big City Mountaineers

Statements of Financial Position

December 31, 2021

(With Comparative Totals as of December 31, 2020)

| | 2021 | 2020 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash - unrestricted | \$ 666,351 | \$ 563,262 |
| Cash - restricted endowment | 42,522 | 47,868 |
| Total Cash | 708,873 | 611,130 |
| Contributions and grants receivable | 72,914 | 54,016 |
| Prepaid and other | 3,170 | 11,663 |
| Inventory | 297,178 | 252,766 |
| Investments | 240,968 | 211,714 |
| Property and equipment, net | 124,044 | 125,739 |
| TOTAL ASSETS | \$ 1,447,147 | \$ 1,267,028 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 8,600 | \$ 10,618 |
| Accrued payroll liabilities | 27,421 | 24,826 |
| Deferred revenue | - | 32,910 |
| Paycheck Protection Program loan | - | 114,800 |
| Total Liabilities | 36,021 | 183,154 |
| Net Assets | | |
| Without donor restrictions: | | |
| Undesignated | 910,678 | 624,537 |
| Board designated | 35,158 | 32,193 |
| Investment in property and equipment | 124,044 | 125,739 |
| Total Net Assets Without Donor Restrictions | 1,069,880 | 782,469 |
| With donor restrictions | 341,246 | 301,405 |
| Total Net Assets | 1,411,126 | 1,083,874 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,447,147 | \$ 1,267,028 |

See Notes to Financial Statements

Big City Mountaineers

Statements of Activities

For the Year Ended December 31, 2021

(With Comparative Totals as of December 31, 2020)

| | Without Donor Restrictions | With Donor Restrictions | 2021 | 2020 |
|---|----------------------------------|-------------------------------|--------------|--------------|
| Support and Revenue | | | | |
| Contributions and grants | \$ 726,751 | \$ 122,674 | \$ 849,425 | \$ 744,843 |
| Government grants | - | - | - | 10,000 |
| Program and other income | 4,650 | - | 4,650 | 770 |
| In-kind contributions | 256,138 | - | 256,138 | 218,728 |
| Investment income | 2,965 | 20,943 | 23,908 | 15,304 |
| Interest income | 12 | - | 12 | 73 |
| Forgiveness of Paycheck Protection Program loan | 114,800 | - | 114,800 | - |
| Net assets released from restrictions | 103,776 | (103,776) | - | - |
| | 1,209,092 | 39,841 | 1,248,933 | 989,718 |
| Summit for Someone Events | | | | |
| Contributions | 191,900 | - | 191,900 | 54,814 |
| Less: climber and other event expenses | (175,095) | - | (175,095) | (178,344) |
| | 16,805 | - | 16,805 | (123,530) |
| Total Support and Revenue | 1,225,897 | 39,841 | 1,265,738 | 866,188 |
| Expenses | | | | |
| Program Services | | | | |
| Youth expeditions | 804,185 | - | 804,185 | 882,001 |
| Support Services | | | | |
| General and administrative | 68,613 | - | 68,613 | 42,316 |
| Fundraising | 65,688 | - | 65,688 | 90,596 |
| Total Support Services | 134,301 | - | 134,301 | 132,912 |
| Total Expenses | 938,486 | - | 938,486 | 1,014,913 |
| Change in Net Assets | 287,411 | 39,841 | 327,252 | (148,725) |
| Net Assets - Beginning of Year | 782,469 | 301,405 | 1,083,874 | 1,232,599 |
| NET ASSETS - END OF YEAR | \$ 1,069,880 | \$ 341,246 | \$ 1,411,126 | \$ 1,083,874 |

See Notes to Financial Statements

Big City Mountaineers

Statements of Functional Expenses

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

| | Program Services | | | Supporting Services | | Total 2021 | Total 2020 |
|--|----------------------|-----------------------|------------------|---------------------|---------------------|---------------|---------------|
| | Youth Expeditions | General | | Fund- Raising | | | |
| | | and Administrative | Fund- Raising | | | | |
| Salaries, payroll taxes and benefits | \$ 397,780 | \$ 16,530 | \$ 46,567 | \$ 460,877 | \$ 494,872 | | |
| Program expenses | 243,079 | - | - | 243,079 | 329,380 | | |
| SFS - Climber and other event expenses | 175,096 | - | - | 175,096 | 178,344 | | |
| Bank charges and credit card fees | 6,202 | 258 | 726 | 7,186 | 8,706 | | |
| Depreciation | 1,463 | 61 | 171 | 1,695 | 1,694 | | |
| Equipment and software | 9,183 | 382 | 1,075 | 10,640 | 8,325 | | |
| Insurance | 22,274 | 926 | 2,608 | 25,808 | 25,390 | | |
| Office and other operating costs | 20,013 | 832 | 2,343 | 23,188 | 20,034 | | |
| Professional services | 25,944 | 46,373 | 3,037 | 75,354 | 55,931 | | |
| Rent | 46,501 | 1,932 | 5,444 | 53,877 | 53,062 | | |
| Telephone and internet | 7,242 | 301 | 848 | 8,391 | 7,770 | | |
| Travel, meals and entertainment | 24,504 | 1,018 | 2,869 | 28,391 | 9,749 | | |
| TOTAL EXPENSES | \$ 979,281 | \$ 68,613 | \$ 65,688 | \$ 1,113,582 | \$ 1,193,257 | | |
| Less: expenses included with support and revenues on the Statements of Activities: | | | | | | | |
| SFS - climber and other event expenses | (175,096) | | | (175,096) | (178,344) | | |
| TOTAL EXPENSES | \$ 804,185 | \$ 68,613 | \$ 65,688 | \$ 938,486 | \$ 1,014,913 | | |

Big City Mountaineers

Statements of Cash Flows

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

| | 2021 | 2020 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 327,252 | \$ (148,725) |
| Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities | | |
| Depreciation | 1,695 | 1,694 |
| Investment (income) | (23,908) | (15,304) |
| Donated investments | (19,411) | - |
| (Gain) on forgiveness of Paycheck Protection Program loan | (114,800) | - |
| Change in Operating Assets and Liabilities | | |
| (Increase) Decrease in: | | |
| Contributions and grants receivable | (18,898) | 7,093 |
| Prepaid expenses and other | 8,493 | (5,434) |
| Inventory | (44,412) | 95,110 |
| Increase (Decrease) in: | | |
| Accounts payable | (2,018) | 2,783 |
| Accrued payroll liabilities | 2,595 | (12,412) |
| Deferred revenue | (32,910) | 32,910 |
| Net Cash Flows from Operating Activities | 83,678 | (42,285) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Purchase) of investments | (2,860) | (112,207) |
| Proceeds from sale/redemption of investments | 16,925 | 82,207 |
| Net Cash Flows from Investing Activities | 14,065 | (30,000) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Program note payable | - | 114,800 |
| Net Increase (Decrease) in Cash | 97,743 | 42,515 |
| Cash - Beginning of Year | 611,130 | 568,615 |
| CASH - END OF YEAR | \$ 708,873 | \$ 611,130 |
| Noncash investing and financing activities: | | |
| Donated investments | \$ 19,411 | \$ - |

See Notes to Financial Statements

Big City Mountaineers

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

Nature of Organization

Big City Mountaineers, Inc. (BCM or the Organization) is a nonprofit organization incorporated in the state of Florida, headquartered in Golden, Colorado. The Organization provides free fully outfitted and professionally led backpacking trips, paddling expeditions, overnight camping experience, and nature-based day trips for youth from disinvested and unfairly marginalized communities so they can access all the physical, mental, and spiritual benefits of being connected to nature. The Organization operates and serves youth in Colorado, Washington, Oregon, California, Minnesota, Wisconsin, Massachusetts, and Florida. The Organization partners with schools and youth development agencies to better address the ongoing needs of youth served. The Organization offers youth the following:

Weeklong Expeditions:

The Organization's core program is a weeklong wilderness expedition that empowers youth from traditionally marginalized communities to find their voice, build social-emotional skills, and promote their health and wellness. The Organization's expeditions have a one-to-one ratio of adult mentors to youth participants, which helps them reach their full personal potential and benefit from the wilderness experience. Adult mentors come from diverse backgrounds and have a wide range of life experiences. These mentors, as role models, help youth become better equipped to make critical career, educational, and healthy lifestyle decisions.

The weeklong expeditions:

- Provide wilderness-based mentoring opportunities to youth ages 13 to 18 via a 1:1 mentoring model with trained caring adults
- Have been shown to support youth and improve their self-esteem, sense of responsibility, group communication, and decision-making skills
- Are led by professional field instructors as to ensure participant safety

Single Day Programs:

Single-day outings are outdoor activities in parks and outdoor spaces close to where the students the Organization serves live. Activities include hiking, canoeing, and indoor rock climbing. Single-day outings are the entry point that eventually lead up to the Organization's weeklong expeditions, where youth begin to foster relationships with adult mentors and grow more comfortable in the outdoors.

Overnight Programs:

Through single night front-country camping experiences, the Organization provides youth with a safe and supportive environment to develop a sense of self, understanding of their place in the natural world, a passion for lifelong learning, awareness of healthy lifestyles, and respect for the great outdoors. Activities at BCM overnights emphasize team-building and outdoor education to teach citizenship and teamwork. These activities allow campers to learn, refine, and practice critical life skills using the outdoors as a unique context for these lessons.

Big City Mountaineers

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Nature of Organization (continued)

Summit for Someone / Adventure for Someone:

Summit for Someone (SFS) and Adventure for Someone (AFS) are BCM fundraising programs. SFS allows individuals to summit iconic peaks in North America on trips organized by the Organization. AFS enables anyone to create their own custom challenge in the outdoors and turn it into a peer-to-peer fundraiser for the Organization. Individuals raise funds for the Organization while participating in their climb or custom challenge. A portion of the funds may be used to pay for participants expenses in an SFS climb. Direct climber expenses and any in-kind expenses related to the SFS program have been netted against the related support and revenue on the Statements of Activities.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

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

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing Board has designated from net assets without donor restrictions, funds to be held in an endowment.

Net assets with donor restrictions: Net assets subject to donor or certain grantor imposed restrictions. 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 explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. The prior year presentation does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Big City Mountaineers

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain, therefore, no amounts have been recognized as of December 31, 2021 and 2020.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Contributions and Grants Receivable

Contributions and grants receivable are recognized as revenue in the period awarded and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Contributions and grants receivable are recognized at the net realizable value if expected to be collected within one year, and at fair value if expected to be collected in greater than one year. At December 31, 2021 and 2020, contributions and grants receivable have been determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Conditional contributions and grants receivable are recognized when the conditions on which they depend are substantially met.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statements of Financial Position. Unrealized gains and losses, dividends, interest, and investment management fees, which are included in investment income, are reported in investment income on the Statements of Activities.

Big City Mountaineers

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Inventory

Inventory consists of items such as clothing, camping supplies, food items, and other materials that have been purchased by or donated to the Organization . Purchased inventory is recorded at the lower of cost or realizable value. Donated inventory is recorded at 50% of the MSRP price for any given item.

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, 30 years for property, and 3 to 7 years for equipment and furniture. All assets with a useful life of more than 1 year and a cost of more than \$1,000 are capitalized.

Deferred Revenue

Deferred revenue arises from payments the Organization received in advance of the services being performed. Deferred revenue is recognized into revenue as the services are rendered and the performance obligation is completed.

Revenue Recognition

Contribution Revenue

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when awarded.

Unconditional or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Big City Mountaineers

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards that are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards that are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control over the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

In-Kind Contributions

Donated goods are reflected as contributions in the financial statements at their estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with GAAP for Not-for-Profit Organizations if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Volunteers provided assistance with specific programs and fundraising events throughout the year that were not recognized as contributions in the financial statements because the recognition criteria were not met.

Functional Expense Allocation

The Statement of Functional Expenses report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocated expenses include salaries, payroll taxes employee benefits, rent, telephone and internet and insurance are allocated based on time and effort.

Advertising and Promotion

Advertising and promotion are expensed as incurred and totaled \$7,437 and \$3,898, for the years ended December 31, 2021 and 2020, respectively.

Big City Mountaineers

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2016-02, *Leases* (Topic 842), which requires lessees to recognize on the balance sheet a right-of-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The amendments in this update should be applied using a modified retrospective approach. The Organization is currently evaluating the impact of the provisions of this ASU.

Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through August 18, 2022, which is date the financial statements were available to be issued. Management of the Organization has not identified any material subsequent events that require reporting or disclosure, except as discussed in Note 8.

Note 2 - Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Cash | \$ 708,873 | \$ 611,130 |
| Investments | 240,968 | 211,714 |
| Contributions and Grants receivable | 72,914 | 54,016 |
| Total Financial Assets | 1,022,755 | 876,860 |
| Less: | | |
| Board designations - endowment fund | 35,158 | 32,193 |
| Donor restricted endowment fund | 248,332 | 227,389 |
| Restricted program contributions included in cash | 20,000 | 20,000 |
| Total Financial Assets Available for General Expenditure | \$ 719,265 | \$ 597,278 |

The Organization does not have a formal liquidity policy. According to the investment policy, cash is to be employed productively by investing in short-term equivalents to provide for liquidity and to optimize returns within the constraints defined in the policy.

Big City Mountaineers

Notes to the Financial Statements

Note 3 - Concentration of Credit Risk

Since the Organization periodically places cash in individual financial institutions in excess of FDIC insured limits, the Organization periodically reviews the financial condition of the financial institutions to reduce the Organization's credit risk associated with cash. Additionally, the Organization places its cash with high credit quality financial institutions.

Credit risk associated with contributions and grants receivable is limited due to the number and creditworthiness of the entities from which the amounts are due. The Organization receives virtually all its revenue from public support. A significant reduction in the level of support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

Note 4 - Investments

Investments in marketable securities are recorded at fair value and consist of the following at December 31, 2021 and 2020:

| <i>As of December 31,</i> | 2021 | 2020 |
|---------------------------|------------|------------|
| Equity mutual funds | \$ 173,488 | \$ 149,238 |
| Fixed income mutual funds | 67,480 | 62,476 |
| Total Investments | \$ 240,968 | \$ 211,714 |

Investments, in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment Income

Investment income consisted of the following at December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|-----------|-----------|
| Interest and dividends | \$ 6,720 | \$ 2,566 |
| Realized and unrealized gains on investments, net | 19,861 | 15,194 |
| Management fees | (2,673) | (2,383) |
| | \$ 23,908 | \$ 15,377 |

Big City Mountaineers

Notes to the Financial Statements

Note 5 - Endowment

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a consequence, the Organization classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanent endowment is classified as accumulated earnings on the endowment until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other Organization resources;
- (7) The investment policies of the Organization.

The following are changes in the endowment net assets for the years ended December 31, 2021 and 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------|----------------------------------|-------------------------------|------------|
| Balance, December 31, 2019 | \$ - | \$ 114,108 | \$ 114,108 |
| Contributions | 30,000 | - | 30,000 |
| Investment income, net | 2,193 | 113,281 | 115,474 |
| Balance, December 31, 2020 | 32,193 | 227,389 | 259,582 |
| Investment income, net | 2,965 | 20,943 | 23,908 |
| Balance, December 31, 2021 | \$ 35,158 | \$ 248,332 | \$ 283,490 |

Big City Mountaineers

Notes to the Financial Statements

Note 5 - Endowment (continued)

| <i>As of December 31, 2021</i> | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------|-------------------------|-------------------|
| Donor Restricted Endowment | | | |
| Historical gift value | \$ - | \$ 200,000 | \$ 200,000 |
| Accumulated earnings | - | 48,332 | 48,332 |
| Board Designated functioning as an Endowment | 35,158 | - | 35,158 |
| Total | \$ 35,158 | \$ 248,332 | \$ 283,490 |

As of December 31, 2021 and 2020, \$42,522 and \$47,868 of the donor restricted endowment was being held in cash and is reflected as restricted cash on the Statements of Financial Position. The remaining balance of the donor-restricted and board designated endowment was included in investments.

In September 2006, the Organization received a \$100,000 donation designated for the purchase of office and warehouse space. As stated by the donor, if after four years the board concludes that the Organization will not purchase office and warehouse space, then the funds are to be added to the endowment fund. In January 2020, the Organization recharacterized this \$100,000 donation to the endowment fund.

Funds with Deficiencies

From time to time, the endowment fund may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2021 and 2020, there was no such deficiency.

Note 6 - Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level; Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1); and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no Organization assets requiring the use of Level 2 or Level 3 inputs for the periods presented.

Big City Mountaineers

Notes to the Financial Statements

Note 6 - Fair Value Measurements (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used as of December 31, 2021 and 2020.

Mutual funds and exchange traded funds: Fair value based on publicly-quoted price in an active market.

The following tables set forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2021 and 2020. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

| <i>December 31, 2021</i> | Level 1 | Level 2 | Level 3 | Total |
|--|------------|---------|---------|------------|
| Mutual funds and exchange traded funds | \$ 240,968 | \$ - | \$ - | \$ 240,968 |

| <i>December 31, 2020</i> | Level 1 | Level 2 | Level 3 | Total |
|--|------------|---------|---------|------------|
| Mutual funds and exchange traded funds | \$ 211,714 | \$ - | \$ - | \$ 211,714 |

Note 7 - Property and Equipment

Property and equipment consisted of the following at December 31, 2021 and 2020.

| | 2021 | 2020 |
|-----------------------------------|------------|------------|
| Land | \$ 104,024 | \$ 104,024 |
| Building and improvements | 23,808 | 23,808 |
| Furniture, fixtures and equipment | 26,568 | 26,568 |
| | 154,400 | 154,400 |
| Less: Accumulated depreciation | (30,356) | (28,661) |
| | \$ 124,044 | \$ 125,739 |

In May 2015, certain real property (land and a building located in Minnesota) was donated to the Organization. The land and building were valued at appraised value. The property is subject to a conservation easement granted to the Minnesota Land Trust in October 2006. The property is also subject to restrictions on future sale.

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Notes to the Financial Statements

Note 8 - Lines of Credit

On July 26, 2018, the Organization obtained a line of credit with a financial institution for borrowings of up to \$71,500 at an interest rate equal to the prime rate plus 1.25% (5.75% as of December 31, 2021). The line of credit matures on July 24, 2023. As of December 31, 2021 and 2020, there was no outstanding balance on the line of credit. The line of credit is secured by a 1st Mortgage on real property located in Minnesota (Note 7).

On August 10, 2018, the Organization obtained an unsecured line of credit with a financial institution for borrowings of up to \$25,000 at an interest rate equal to the prime rate plus 3% (7.5% as of December 31, 2021). The line of credit matures on August 25, 2022. As of December 31, 2021 and 2020, there was no outstanding balance on the line of credit. On April 5, 2022, the Organization entered into a new line of credit agreement with this institution for borrowings up to \$30,000 and closed out the aforementioned line of credit. The new line of credit bears interest at the prime rate plus .50% with a floor rate of 5% and matures on April 5, 2023.

Note 9 - Operating Lease Commitments

The Organization leases its Arvada, Colorado office facility under an operating lease expiring on February 28, 2023. Future minimum lease payments under all operating leases with terms in excess of one year as of December 31, 2021, are as follows:

| | December 31st |
|------|-----------------------|
| 2022 | \$ 40,171 |
| 2023 | 6,398 |
| 2024 | 1,290 |
| | <hr/> <hr/> \$ 47,859 |

Rent expense for the years ended December 31, 2021 and 2020, was \$71,799 and \$69,530, respectively.

Note 10 - Paycheck Protection Program Loan

As of December 31, 2020, the Organization had an outstanding loan of \$114,800 from the Small Business Administration's Paycheck Protection Program as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The loan was formally forgiven during the year ended December 31, 2021, and the Organization recognized a contribution for the forgiveness in the amount of \$114,800.

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Notes to the Financial Statements

Note 11 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

| <i>As of December 31,</i> | 2021 | 2020 |
|---|-------------------|-------------------|
| Subject to expenditure for specified purpose | | |
| Cassie Heppner Memorial Scholarship | \$ - | \$ 20,000 |
| Basecamp construction | 20,000 | - |
| Subject to the passage of time | | |
| Grants and contribution receivable | 72,914 | 54,016 |
| Endowment | | |
| Historical gift value | 200,000 | 200,000 |
| Accumulated earnings on the endowment | 48,332 | 27,389 |
| Total Net Assets with Donor Restrictions | \$ 341,246 | \$ 301,405 |

Note 12 - In-Kind Contributions

The Organization receives donations of clothing, camping gear, food items, and other materials for use in its programs. Such gifts are recorded at their estimated fair value, discounted for large quantities received, at the date of donation. Donated materials and services are reflected in the Statements of Activities as contributions without restrictions unless restricted by the donor for a specific purpose. Amounts used during the year are included in Program Services expense in the Statements of Activities or in the Summit for Someone expense. Amounts remaining at year end are included in inventory on the Statements of Financial Position or are included in property and equipment and depreciated over the asset's estimated useful life.

Donated materials and services consisted of the following as of December 31, 2021 and 2020:

| <i>Year Ended December 31,</i> | 2021 | 2020 |
|--------------------------------|-------------------|-------------------|
| Gear and equipment | \$ 44,412 | \$ 216,853 |
| Donated stock | 19,411 | - |
| Professional services | 192,315 | 1,875 |
| | \$ 256,138 | \$ 218,728 |

Big City Mountaineers

Notes to the Financial Statements

Note 13 - Retirement Plan

The Organization has established an employee benefit plan under Section 401(k) of the Internal Revenue Service (the Plan). The Plan covers all employees aged twenty-one or older who have attained three months of service. Employees may elect to defer a portion of their compensation, subject to certain limits, as allowed under the Internal Revenue Code. The Plan is completely employee funded. The Organization has elected to not make any employer contributions to the Plan.

Note 14 - Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.