

# Big City Mountaineers

## Financial Statements

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)



Certified Public Accountants

# Big City Mountaineers

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Certified Public Accountants

## **Independent Auditor's Report**

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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, 2023, 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, 2023, 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**

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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**

We have previously audited Big City Mountaineers' December 31, 2022, financial statements and in our report dated July 20, 2023, we 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, 2022, 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 16, 2024

# Big City Mountaineers

## Statements of Financial Position

December 31, 2023

(With Comparative Totals as of December 31, 2022)

	2023	2022
<b>ASSETS</b>		
Cash	\$ 508,809	\$ 638,993
Contributions and grants receivable - net of unamortized discount	314,226	388,935
Prepaid and other	3,500	3,000
Inventory	334,661	359,032
Investments	408,601	199,279
Property and equipment, net	197,552	204,220
Right-of-use asset	30,784	35,736
<b>TOTAL ASSETS</b>	<b>\$ 1,798,133</b>	<b>\$ 1,829,195</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,475	\$ 2,782
Accrued payroll liabilities	33,926	36,346
Operating lease liability	31,093	35,874
<b>Total Liabilities</b>	<b>70,494</b>	<b>75,002</b>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	772,260	826,105
Board designated	-	29,465
Investment in property and equipment	197,552	204,220
<b>Total Net Assets Without Donor Restrictions</b>	<b>969,812</b>	<b>1,059,790</b>
With donor restrictions	757,827	694,403
<b>Total Net Assets</b>	<b>1,727,639</b>	<b>1,754,193</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,798,133</b>	<b>\$ 1,829,195</b>

See Notes to Financial Statements

# Big City Mountaineers

## Statements of Activities

For the Year Ended December 31, 2023

(With Comparative Totals as of December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>Support and Revenue</b>				
Contributions and grants	\$ 696,209	\$ 409,682	\$ 1,105,891	\$ 1,248,411
In-kind contributions	344,162	-	344,162	347,786
Program and other income	9,600	-	9,600	5,287
Investment income (loss), net	581	33,487	34,068	(45,937)
Interest income	64	-	64	36
Net assets released from restrictions	379,745	(379,745)	-	-
	1,430,361	63,424	1,493,785	1,555,583
Summit for Someone Event				
Contributions	-	-	-	26,722
Less: climber and other event expenses	-	-	-	(14,762)
	-	-	-	11,960
<b>Total Support and Revenue</b>	1,430,361	63,424	1,493,785	1,567,543
<b>Expenses</b>				
<b>Program Services</b>				
Youth expeditions	1,098,551	-	1,098,551	957,789
<b>Support Services</b>				
General and administrative	109,689	-	109,689	100,477
Fundraising	312,099	-	312,099	166,210
<b>Total Support Services</b>	421,788	-	421,788	266,687
<b>Total Expenses</b>	1,520,339	-	1,520,339	1,224,476
<b>Change in Net Assets</b>	(89,978)	63,424	(26,554)	343,067
<b>Net Assets - Beginning of Year</b>	1,059,790	694,403	1,754,193	1,411,126
<b>NET ASSETS - END OF YEAR</b>	\$ 969,812	\$ 757,827	\$ 1,727,639	\$ 1,754,193

See Notes to Financial Statements

## Statements of Functional Expenses

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	Program Services			Supporting Services		Total 2023	Total 2022
	Youth Expeditions	General		Fund- Raising			
		and Administrative	Fund- Raising				
Salaries, payroll taxes and benefits	\$ 540,310	\$ 24,440	\$ 160,759	\$ 725,509	\$ 624,486		
Professional services	174,106	74,353	35,340	283,799	290,245		
Program expenses	237,416	-	-	237,416	113,367		
Fundraising	-	-	82,004	82,004	-		
Insurance	29,128	1,318	8,666	39,112	29,809		
Travel, meals and entertainment	32,453	5,727	-	38,180	41,560		
Rent	23,423	1,059	6,969	31,451	40,021		
Office and other operating costs	21,082	954	6,273	28,309	12,560		
Equipment and software	16,752	758	4,984	22,494	20,312		
Bank charges and credit card fees	6,959	315	2,070	9,344	13,420		
Telephone and internet	6,861	310	2,041	9,212	10,603		
Depreciation	5,052	228	1,503	6,783	1,694		
Advertising and promotion	5,009	227	1,490	6,726	2,397		
Present value discount expense	-	-	-	-	24,002		
Summit for Someone - climber and other event expenses	-	-	-	-	14,762		
<b>TOTAL EXPENSES</b>	<b>1,098,551</b>	<b>109,689</b>	<b>312,099</b>	<b>1,520,339</b>	<b>1,239,238</b>		
Less: expenses included with support and revenues on the Statements of Activities:							
Summit for Someone - climber and other event expenses	-	-	-	-	(14,762)		
<b>TOTAL EXPENSES</b>	<b>\$ 1,098,551</b>	<b>\$ 109,689</b>	<b>\$ 312,099</b>	<b>\$ 1,520,339</b>	<b>\$ 1,224,476</b>		

# Big City Mountaineers

## Statements of Cash Flows

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (26,554)	\$ 343,067
<b>Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities</b>		
Depreciation	6,783	1,695
Discount on contributions and grants receivable	-	24,002
Amortization (income)	(10,813)	-
Investment (income) loss, net	(34,068)	45,937
Donated investments	(32,601)	(82,204)
Noncash lease expense	(26,089)	39,840
<b>Change in Operating Assets and Liabilities</b>		
<b>(Increase) Decrease in:</b>		
Contributions and grants receivable	74,709	(340,023)
Prepaid expenses and other	(500)	170
Inventory	24,371	(61,854)
<b>Increase (Decrease) in:</b>		
Accounts payable	2,693	(5,818)
Accrued payroll liabilities	(2,420)	8,925
Operating lease liability	-	(39,703)
<b>Net Cash Flows from Operating Activities</b>	<b>(24,489)</b>	<b>(65,966)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) of property and equipment	(115)	(81,871)
(Purchase) of investments	(313,892)	(28,642)
Proceeds from sale of investments	208,312	106,599
<b>Net Cash Flows from Investing Activities</b>	<b>(105,695)</b>	<b>(3,914)</b>
<b>Net (Decrease) in Cash</b>	<b>(130,184)</b>	<b>(69,880)</b>
<b>Cash - Beginning of Year</b>	<b>638,993</b>	<b>708,873</b>
<b>CASH - END OF YEAR</b>	<b>\$ 508,809</b>	<b>\$ 638,993</b>
<b>Noncash investing and financing activities:</b>		
Donated investments	\$ 32,601	\$ 82,204

See Notes to Financial Statements



# Big City Mountaineers

## Notes to the Financial Statements

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### 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 Arvada, 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

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### Note 1 - Significant Accounting Policies (continued)

#### Nature of Organization (continued)

##### **Adventure for Someone:**

Adventure for Someone (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.

#### 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, 2022, from which the summarized information was derived.

# Big City Mountaineers

## Notes to the Financial Statements

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### 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, 2023 and 2022.

#### 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.

#### Fair Value of Financial Instruments

The Organization's financial instruments include cash, receivables, investments, and accounts payable. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

#### 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, 2023 and 2022, 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. Realized and unrealized gains and losses, dividends, interest, and investment management fees are reported in investment income (loss) on the Statement of Activities.

# Big City Mountaineers

## Notes to the Financial Statements

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### 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, which range from 5 to 30 years. All assets with a useful life of more than 1 year and a cost of more than \$1,000 are capitalized.

#### Lease Accounting

The Organization determines if an arrangement is or contains a lease at inception. If the contract provides the Organization the right to substantially all of the economic benefits and the right to direct use of the identified asset, it is considered to be or to contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate is the implicit rate in the lease contract is not readily determinable.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include a option to renew the lease that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization separated lease and non-lease components to determine the lease payment.

# Big City Mountaineers

## Notes to the Financial Statements

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### Note 1 - Significant Accounting Policies (continued)

#### 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.

##### 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.

# Big City Mountaineers

## Notes to the Financial Statements

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### Note 1 - Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### 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 reports certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the program 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 \$6,726 and \$2,397, for the years ended December 31, 2023 and 2022, respectively.

#### Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. The amendments of this update require that financial assets measured at amortized cost, including trade receivables, be recorded at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount.

The Organization adopted this standard effective January 1, 2023 using the modified-retrospective approach, which requires a cumulative-effect adjustment through net assets at the time of adoption. No cumulative-effect adjustment was made to net assets as the impact of the adoption of this update was determined to be immaterial to the Organization's financial statements.

# Big City Mountaineers

## Notes to the Financial Statements

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### Note 1 - Significant Accounting Policies (continued)

#### Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through August 16, 2024, 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 Notes 9 and 10.

### 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, 2023 and 2022:

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	2023	2022
Cash	\$ 508,809	\$ 638,993
Investments	408,601	199,279
Contributions and grants receivable - due within one year	206,275	220,750
Total Financial Assets	1,123,685	1,059,022
Less:		
Board designations - endowment fund	-	29,465
Donor restricted endowment fund	308,601	167,968
Restricted program contributions included in cash	178,413	137,500
Restricted program contributions included in receivables due within one year	57,917	87,500
<b>Total Financial Assets Available for General Expenditure</b>	<b>\$ 757,167</b>	<b>\$ 774,089</b>

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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.

The Organization has Board had designated net assets \$29,465 at December 31, 2022, for an endowment. As discussed in Note 6, the Board approved a motion to undesignate the balance in 2023.

The Organization has two lines of credit for cash flow needs up to \$85,000 as discussed in Note 9.

# Big City Mountaineers

## Notes to the Financial Statements

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### 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. At December 31, 2023 and 2022, 70% of contributions and grants receivable were due from two donors. At December 31, 2022, 60% of contributions were due from one donor.

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 - Contributions and Grants Receivable

The Organization accounts for contributions receivable 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. In September 2022, the Organization was awarded a \$300,000 contribution for a donor-restricted endowment. The Organization received \$43,750 in 2022 and \$82,500 in 2023, and the remainder of the award will be received in unspecified amounts through 2026. The Organization discounted the long-term contribution receivable to present value discount using a discount rate of 3.98%. At December 31, 2023 and 2022, the uncollected balance of this contribution was \$173,750 and \$256,250, respectively, which is recorded net of an unamortized discounts of \$13,189 and \$24,002, respectively, in the Statement of Financial Position.

The following table represents the expected maturities of contributions and grants receivable at December 31, 2023. Due to the uncertainty of the timing of receipt of the \$173,750 contribution previously discussed in the above paragraph, the maturities in the below table are presented using the assumption that the contribution will be received ratably annually through 2026.

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	2023	2022
Due in less than one year	\$ 206,275	\$ 220,750
One to five years	121,140	192,187
	327,415	412,937
Less: present value discount	(13,189)	(24,002)
	\$ 314,226	\$ 388,935

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# Big City Mountaineers

## Notes to the Financial Statements

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### Note 4 - Contributions and Grants Receivable (continued)

#### Conditional Contributions and Grants Receivable

At December 31, 2023 and 2022, the Organization had been awarded \$95,750 and \$71,352, respectively, of grants that had not been recognized into revenue as payments are conditional upon the Organization incurring qualifying expenditures.

### Note 5 - Investments

Investments in marketable securities are recorded at fair value and consist of the following at December 31, 2023 and 2022:

	2023	2022
Equity mutual funds	\$ 132,807	\$ 140,076
Fixed income mutual funds	98,482	26,956
Crypto-currency	644	63
Certificates of deposit	50,058	-
Money market funds	126,610	32,184
Total Investments	\$ 408,601	\$ 199,279

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 (Loss)

Investment income (loss) consisted of the following at December 31, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 4,752	\$ 9,897
Realized and unrealized gains (losses) on investments, net	29,316	(55,834)
	\$ 34,068	\$ (45,937)

# Big City Mountaineers

## Notes to the Financial Statements

### Note 6 - 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 table summarizes the changes in the endowment net assets for the years ended December 31, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2021	\$ 35,158	\$ 248,332	\$ 283,490
Recharacterization of donor restricted contribution *	-	(100,000)	(100,000)
Contributions	-	59,880	59,880
Investment (loss), net	(5,693)	(40,244)	(45,937)
Balance, December 31, 2022	29,465	167,968	197,433
Undesignation of Board designated endowment **	(29,465)	-	(29,465)
Contributions	-	107,146	107,146
Investment income, net	-	33,487	33,487
Balance, December 31, 2023	\$ -	\$ 308,601	\$ 308,601

# Big City Mountaineers

## Notes to the Financial Statements

### Note 6 - Endowment (continued)

\*In 2023, the Organization determined that the donor restricted endowment included a \$100,000 contribution from a donor that was mischaracterized as an endowment and should have been recorded as a donation restricted for the purchase of a home office, as discussed in Note 11. Accordingly, in 2023, the Organization recharacterized the \$100,000 from the endowment. The Organization elected to include leave all accumulated earnings generated on the \$100,000 contribution in the endowment.

\*\* At December 31, 2022, the Organization had designated \$29,465 of net assets to function as an endowment. In 2023, the Board of Director's approved a motion to remove the designation and permit the funds to be used for operations.

The following tables summarize the historical gift value and accumulated earnings of the donor restricted endowment and the board designated endowment at December 31, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
<i>As of December 31, 2023</i>			
Donor restricted endowment			
Historical gift value	\$ -	\$ 257,189	\$ 257,189
Accumulated earnings	-	51,412	51,412
Total	\$ -	\$ 308,601	\$ 308,601

	Without Donor Restrictions	With Donor Restrictions	Total
<i>As of December 31, 2022</i>			
Donor restricted endowment			
Historical gift value	\$ -	\$ 159,880	\$ 159,880
Accumulated earnings	-	8,088	8,088
Board designated functioning as an endowment	29,465	-	29,465
Total	\$ 29,465	\$ 167,968	\$ 197,433

### Investment Return Objectives

The Organization has adopted an investment policy for the endowment assets with an objective of providing a predictable stream of funding to programs supported by the endowment while seeking to maintain purchasing power of the endowment assets.

# Big City Mountaineers

## Notes to the Financial Statements

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### **Note 6 - Endowment (continued)**

#### *Spending Policy*

Disbursements from the endowment is determined by a spending policy established by the Endowment Policy. The spending policy allows for annual disbursements of up to 5% of the market value of the 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, 2023 and 2022, there was no such deficiency.

### **Note 7 - 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 Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization 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.

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, 2023 and 2022.

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

Certificates of deposit: valued at cost plus accrued interest which approximates fair value.

# Big City Mountaineers

## Notes to the Financial Statements

### Note 7 - Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2023 and 2022. 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, 2023</i>	Level 1	Level 2	Level 3	Total
Mutual funds and crypto-currency	\$ 358,543	\$ -	\$ -	\$ 358,543
Certificates of deposit	-	50,058	-	50,058
	\$ 358,543	\$ 50,058	\$ -	\$ 408,601

<i>December 31, 2022</i>	Level 1	Level 2	Level 3	Total
Mutual funds, exchange traded funds and crypto-currency	\$ 199,279	\$ -	\$ -	\$ 199,279

### Note 8 - Property and Equipment

Property and equipment consisted of the following at December 31, 2023 and 2022.

	2023	2022
Land	\$ 104,024	\$ 104,024
Building and improvements	105,679	105,679
Furniture, fixtures and equipment	26,683	26,568
	236,386	236,271
Less: accumulated depreciation	(38,834)	(32,051)
	\$ 197,552	\$ 204,220

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.

# Big City Mountaineers

## Notes to the Financial Statements

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### Note 9 - Lines-of-Credit

The Organization had a line-of-credit with a financial institution for borrowings of up to \$55,000 at an interest rate equal to the prime rate plus 1.25% with a minimum rate of 5.5%. The line matured in July 2023. In March 2024, the Organization entered into a new line of credit agreement with the same terms as the previous line which matures on March 1, 2025. As of December 31, 2023 and 2022, there was no outstanding balance on the line of credit. The line of credit is secured by real property located in Minnesota.

The Organization has an unsecured line-of-credit with a financial institution for borrowings of up to \$30,000 at an interest rate equal to the prime rate plus .5% and was set to mature on April 5, 2024. Subsequent to year end, the line was renewed and the maturity date was extended to July 16, 2025. As of December 31, 2023 and 2022, there was no outstanding balance on the line of credit.

### Note 10 - Operating Lease Commitments

In February 2022, the Organization entered into a twelve month operating lease for office space located in Arvada, Colorado. The lease requires monthly rents of \$2,425. and was set to mature in February 2023. The lease provided for two optional renewal periods of twelve months. In March 2024, the Organization entered into an amended lease agreement to exercise the renewal options and extend the maturity date to December 31, 2024. The amended lease requires monthly rents of \$2,605.

The ROU asset reflected on the Statement of Financial Position represents the Organization's right to use underlying assets for the lease term, and the lease liability reflected on the Statement of Financial Position represents the Organization's obligation to make lease payments arising from these leases. The ROU asset and lease liability, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has elected to use a risk free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities was 1.18% and the weighted average remaining maturity is 12 months.

Approximate future minimum rent payments due under all operating leases are as follows:

	December 31st
2024	\$ 31,260
Total lease payments	31,260
Less: present value discount	167
Operating lease liability	\$ 31,093

For the years ended December 31, 2023 and 2022, lease costs consisted of rent expense incurred under operating leases of \$31,451 and \$40,021, respectively.

# Big City Mountaineers

## 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>	2023	2022
<b>Subject to expenditure for specified purpose</b>		
Basecamp construction	\$ 35,000	\$ 35,000
Home office purchase	100,000	100,000
Leaders	-	2,500
<b>Subject to the passage of time</b>		
Contributions and grants receivable	314,226	388,935
<b>Endowment</b>		
Historical gift value	257,189	159,880
Accumulated earnings on the endowment	51,412	8,088
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 757,827</b>	<b>\$ 694,403</b>

During the years ended December 31, 2023 and 2022, \$379,745 and \$198,810 of net asset were released from restrictions due to the Organization incurring expenses that satisfied the restricted purpose or meeting the time restrictions specified by the donor.

### Note 12 - In-Kind Contributions

Donated materials and services are reflected in the Statements of Activities as contributions without restrictions unless restricted by the donor for a specific purpose and consisted of the following as of December 31, 2023 and 2022:

Description	Valuation Methodology	2023	2022
Gear and equipment	50% of MSRP for the specific product or comparable products	\$ 86,514	\$ 69,131
Donated stock	Valued in a publicly traded market on the date of donation	32,601	82,204
Professional services	Standard industry pricing for similar services	225,047	196,451
		<b>\$ 344,162</b>	<b>\$ 347,786</b>

# Big City Mountaineers

## Notes to the Financial Statements

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### **Note 12 - In-Kind Contributions (continued)**

The Organization receives donations of clothing, camping gear, food items, and other materials for use in its programs. The Organization sold the donated stock on the date of the donation. Professional services consists primarily of marketing and public relations services utilized to market and brand the Organization and its programs.

### **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.