

LEAVE NO TRACE CENTER FOR
OUTDOOR ETHICS

Financial Statements For The Years Ended
December 31, 2021 and 2020

Together With Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Leave No Trace Center For Outdoor Ethics:

Opinion

We have audited the accompanying financial statements of Leave No Trace Center For Outdoor Ethics (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 the Organization as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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.

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants

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Independent Auditors' Report (Continued)

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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.

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 the Organization's internal control. Accordingly, no such opinion is expressed.

Independent Auditors' Report (Continued)

- 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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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

JDS Professional Group

April 26, 2022

LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Statements Of Financial Position
As Of December 31, 2021 And 2020

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ASSETS	2021	2020
Cash and cash equivalents	\$ 563,413	\$ 370,672
Accounts receivable, net of allowance	40,442	3,698
Government grants receivable	39,999	
Promises to give, net of discount	57,053	37,800
Investments	151,165	304,349
Prepayments	16,456	16,001
Inventory, net of allowance	99,305	118,729
Furniture and equipment, net of accumulated depreciation of \$105,762 and \$91,248, respectively	48,091	54,821
TOTAL ASSETS	<u>\$1,015,924</u>	<u>\$ 906,070</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 28,737	\$ 18,257
Accrued liabilities	26,448	46,888
Refundable advance	175,000	179,167
Deferred revenue	123,481	35,487
Total Liabilities	<u>353,666</u>	<u>279,799</u>
Net Assets:		
Without donor restrictions -		
Undesignated	424,136	399,271
Designated for future operations	175,000	140,000
Total Without Donor Restrictions	<u>599,136</u>	<u>539,271</u>
With donor restrictions	63,122	87,000
Total Net Assets	<u>662,258</u>	<u>626,271</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,015,924</u>	<u>\$ 906,070</u>

The accompanying notes are an integral part of the financial statements.

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Statement Of Activities

For The Year Ended December 31, 2021

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	Without Donor Restrictions	With Donor Restrictions	2021 Total
Support and Revenue:			
Support -			
Contributions and grants	\$ 1,626,458	\$ 60,802	\$ 1,687,260
In-kind contributions	192,926		192,926
Total Support	1,819,384	60,802	1,880,186
Revenue -			
Service fees	335,374		335,374
Sales revenue	223,252		
Less: Cost of goods sold	(110,501)		
Investment income	2,271		2,271
Other income	8,994		8,994
Net assets released from restrictions -			
Satisfaction of program restrictions	84,680	(84,680)	
Total Revenue	2,363,454	(23,878)	2,339,576
Expenses:			
Program Services -			
Education and outreach	1,800,322		1,800,322
Supporting Services -			
General and administrative	266,513		266,513
Fundraising	236,754		236,754
Total Supporting Services	503,267		503,267
Total Expenses	2,303,589		2,303,589
CHANGES IN NET ASSETS FROM OPERATIONS	59,865	(23,878)	35,987
Net Assets, Beginning Of Year	539,271	87,000	626,271
NET ASSETS, END OF YEAR	<u>\$ 599,136</u>	<u>\$ 63,122</u>	<u>\$ 662,258</u>

The accompanying notes are an integral part of the financial statements.

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Statement Of Activities

For The Year Ended December 31, 2020

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	Without Donor Restrictions	With Donor Restrictions	2020 Total
Support and Revenue:			
Support -			
Contributions and grants	\$ 1,502,389	\$ 84,030	\$ 1,586,419
In-kind contributions	215,201		215,201
Total Support	<u>1,717,590</u>	<u>84,030</u>	<u>1,801,620</u>
Revenue -			
Service fees	193,890		193,890
Sales revenue	177,023		
Less: Cost of goods sold	<u>(83,515)</u>		
Investment income	2,215		2,215
Other income	1,327		1,327
Net assets released from restrictions -			
Satisfaction of program restrictions	98,090	(98,090)	
Total Revenue	<u>2,106,620</u>	<u>(14,060)</u>	<u>2,092,560</u>
Expenses:			
Program Services -			
Education and outreach	<u>1,640,271</u>		<u>1,640,271</u>
Supporting Services -			
General and administrative	255,948		255,948
Fundraising	<u>198,456</u>		<u>198,456</u>
Total Supporting Services	<u>454,404</u>		<u>454,404</u>
Total Expenses	<u>2,094,675</u>		<u>2,094,675</u>
CHANGES IN NET ASSETS FROM OPERATIONS	11,945	(14,060)	(2,115)
Net Assets, Beginning Of Year	<u>527,326</u>	<u>101,060</u>	<u>628,386</u>
NET ASSETS, END OF YEAR	<u>\$ 539,271</u>	<u>\$ 87,000</u>	<u>\$ 626,271</u>

The accompanying notes are an integral part of the financial statements.

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Statement Of Functional Expenses
For The Year Ended December 31, 2021

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	Program Services	General Admin.	Fundraising	2021 Total
Salaries	\$ 892,310	\$ 177,074	\$ 144,218	\$ 1,213,602
Staff benefits	109,958	21,821	17,772	149,551
Pension plan	19,715	3,912	3,186	26,813
Payroll taxes	67,291	13,353	10,876	91,520
Total salaries and related expenses	1,089,274	216,160	176,052	1,481,486
Advertising and marketing	12,017		12,017	24,034
Auto expense	23,828	1,254		25,082
Communications	10,456	1,119	1,018	12,593
Depreciation	22,778	2,437	2,218	27,433
Educational programs	184,052			184,052
Insurance	21,627	2,314	2,106	26,047
Meetings	7,070	756	688	8,514
Membership program expense	17,696		17,696	35,392
Office expense	20,187	2,160	1,966	24,313
Postage and shipping	32,823	4,103	4,103	41,029
Printing	3,025	324	295	3,644
Professional fees	231,700	25,744		257,444
Rent	50,961	8,396	10,695	70,052
Software subscriptions	5,383	576	524	6,483
Storage	3,168			3,168
Travel	59,926	453	6,463	66,842
Utilities	4,351	717	913	5,981
Total	<u>\$ 1,800,322</u>	<u>\$ 266,513</u>	<u>\$ 236,754</u>	<u>\$ 2,303,589</u>

The accompanying notes are an integral part of the financial statements.

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Statement Of Functional Expenses
For The Year Ended December 31, 2020

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	Program Services	General Admin.	Fundraising	2020 Total
Salaries	\$ 841,273	\$ 173,552	\$ 116,292	\$ 1,131,117
Staff benefits	105,735	21,813	14,616	142,164
Pension plan	17,976	3,708	2,485	24,169
Payroll taxes	62,868	12,970	8,691	84,529
Total salaries and related expenses	1,027,852	212,043	142,084	1,381,979
Advertising and marketing	878		878	1,756
Auto expense	26,928	1,417		28,345
Communications	8,505	751	926	10,182
Depreciation	25,247	2,231	2,749	30,227
Educational programs	122,444			122,444
Insurance	27,194	2,403	2,961	32,558
Meetings	1,065	94	116	1,275
Membership program expense	25,624		25,625	51,249
Office expense	12,353	1,092	1,345	14,790
Postage and shipping	23,018	2,877	2,877	28,772
Printing	2,551	225	278	3,054
Professional fees	199,522	22,169		221,691
Rent	50,945	8,382	9,037	68,364
Show expenses	338		84	422
Software subscriptions	6,701	592	729	8,022
Storage	2,299			2,299
Travel	69,854	528	7,534	77,916
Utilities	6,953	1,144	1,233	9,330
Total	<u>\$ 1,640,271</u>	<u>\$ 255,948</u>	<u>\$ 198,456</u>	<u>\$ 2,094,675</u>

The accompanying notes are an integral part of the financial statements

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Statements Of Cash Flows

For The Years Ended December 31, 2021 And 2020

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	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 35,987	\$ (2,115)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,433	30,227
(Gain) on disposal of assets	(1,927)	(2,198)
Forgiveness of PPP		(242,500)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(36,744)	138,812
(Increase) in government grants receivable	(39,999)	
(Increase) in promises to give	(19,253)	(19,440)
(Increase) decrease in prepayments	(455)	1,707
(Increase) decrease in inventory	19,424	(7,603)
Increase (decrease) in accounts payable	10,480	(78,540)
Increase (decrease) in accrued liabilities	(20,440)	21,049
Increase (decrease) in refundable advances	(4,167)	179,167
Increase in deferred revenue	87,994	35,487
Net cash provided by operating activities	<u>58,333</u>	<u>54,053</u>
Cash flows from investing activities		
Acquisition of property and equipment	(21,840)	(799)
Proceeds from sale of property and equipment	3,065	6,415
Purchases of investments	(1,727)	(202,743)
Proceeds from sales of investments	154,910	102,074
Net cash provided by (used in) investing activities	<u>134,408</u>	<u>(95,053)</u>
Cash flows from financing activities		
Proceeds from refundable advance - PPP		242,500
Net cash provided by investing activities		<u>242,500</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	192,741	201,500
Cash And Cash Equivalents, Beginning Of Year	<u>370,672</u>	<u>169,172</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 563,413</u>	<u>\$ 370,672</u>

The accompanying notes are an integral part of the financial statements.

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Notes To Financial Statements
For The Years Ended December 31, 2021 And 2020

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(1) Nature Of Organization

Leave No Trace Center for Outdoor Ethics (the “Organization”) was incorporated as a not-for-profit organization in 1994. The Organization teaches people of all ages how to enjoy the outdoors responsibly, and is the most widely accepted outdoor ethics program used on public lands. Through relevant and targeted education, research and outreach, the Organization ensures the long-term health of our natural world. In its simplest form, Leave No Trace is about making good decisions to protect the world around you - the world we all enjoy.

The Organization’s major sources of revenue are contributions and grants.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis Of Accounting

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Measure Of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization’s ongoing program services and investment income. Nonoperating activities are limited to resources that generate other activities considered to be of a more unusual or nonrecurring nature.

Risks And Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

Use Of Estimates

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

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash demand deposits and all highly liquid debt instruments with an original maturity of three months or less.

Fair Value Measurements

The Organization follows fair value measurements which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |

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Notes To Financial Statements (Continued)

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit: The fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

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

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

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Receivables

Receivables are charged to bad debt when they are deemed uncollectible. Receivables are presented net of an allowance for doubtful accounts of \$1,000 as of December 31, 2021 and 2020.

Furniture And Equipment

Furniture and equipment are stated at cost or at fair market value in the case of donated items. Depreciation is provided using the straight-line method over an estimated useful life of 2 to 7 years. The Organization capitalizes purchases greater than \$500.

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Revenue And Revenue Recognition

The Organization recognizes revenue from sales of educational and promotional items as items are sold (point in time). Revenue is recognized on service fees as courses are completed or services are performed (over time). Payment is due within 30 days of invoice date.

The Organization recognizes contributions when cash, securities or other assets; or an unconditional promise to give is received. Unconditional promises are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are initially recorded at fair value. That fair value is computed using a present value technique applied to anticipated cash flows discounted using a risk-free interest rate of 2.64% return, which as of December 31, 2021 and 2020, amounted to \$9,180 and \$13,770, respectively. Amortization of the resulting discount is recognized as additional contribution revenue in subsequent periods. As of December 31, 2021 and 2020, the unamortized discount was \$820 and \$1,230, respectively. Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met.

Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of December 31, 2021 and 2020, the Organization received advances on conditional promises to give of \$175,000 and \$179,167, respectively, which is recognized in the statement of financial position as a refundable advance.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Inventory

Inventory consists of educational and promotional items held for resale and for promotional distribution purposes. Items include skills and ethics booklets, pamphlets, reference cards, shirts, hats, mugs, and other similar products. Inventory is recorded at the lower of cost or net realizable value. Inventory is presented net of an allowance for obsolete inventory of \$9,000, as of December 31, 2021 and 2020.

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Shipping And Handling Costs

Freight billed to customers is considered sales revenue and the related freight costs as postage and shipping included in program services. For the years ended December 31, 2021 and 2020, freight costs amounted to \$28,948 and \$22,312, respectively.

Advertising

The Organization expenses advertising costs when incurred.

Methods Used For Allocation Of Expenses From Management And General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Accordingly, certain expenses require allocation on a reasonable and consistently applied basis. Such allocations are determined by management and include the following:

<u>Time and Effort</u>	<u>Full-Time Equivalents</u>
Salaries and benefits	Communications
Advertising and marketing	Depreciation
Auto expense	Insurance
Educational programs	Meetings
Membership program expense	Office expense
Postage and shipping	Printing
Professional fees	Rent
Show expenses	Software subscriptions
Storage	Utilities
Travel	

Evaluation Of Subsequent Events

The Organization has performed an evaluation of subsequent events through April 26, 2022, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been provided. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an

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organization other than a private foundation under Section 509(a)(2). Accordingly, the accompanying financial statements contain no provision for income taxes.

The Organization follows *Accounting for Uncertainty in Income Taxes* accounting standard which requires them to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2021, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to December 31, 2018. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no material issues would arise.

(4) Concentrations

During the years ended December 31, 2021 and 2020, the Organization received 23% and 21% of its total revenue from one contributor. The contributor has been a major sponsor of the Organization since 1999.

The Organization's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2021, the Organization exceeded the FDIC limit by approximately \$27,000.

(5) Investments

The Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021, and 2020 were investments in certificates of deposit of \$151,165 and \$304,349, respectively.

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Notes To Financial Statements (Continued)

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(6) Unconditional Promises to Give

Unconditional promises to give consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Receivables due in less than one year	\$ 52,873	\$ 29,030
Receivables due in one to five years	5,000	10,000
Total receivables	57,873	39,030
Less: unamortized discount	820	1,230
	<u>\$ 57,053</u>	<u>\$ 37,800</u>

(7) Refundable Advance - Paycheck Protection Program

On April 6, 2020, the Organization qualified for and received a refundable advance pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$242,500. The refundable advance was forgiven during the year ended December 31, 2020, and is reflected in contributions and grants revenue on the statement of activities.

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions for the years ended December 31, 2021 and 2020, consisted of the following:

<u>Subject to expenditure for specified purpose:</u>	2021	2020
Scholarships	\$ 6,069	\$ 2,970
Time restrictions	57,053	84,030
	<u>\$ 63,122</u>	<u>\$ 87,000</u>

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Notes To Financial Statements (Continued)

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(9) **In-Kind**

In-kind goods and services are reflected in the financial statements at the estimated fair value at the date of receipt. During the year ended December 31, 2021, in-kind services had \$122,833 reflected in the program expenses and \$13,648 reflected in general and administrative expenses. During the year ended December 31, 2020, in-kind services had \$136,923 reflected in the program expenses and \$15,214 reflected in general and administrative expenses. In-kind amounted to the following for the years ended December 31, 2021 and 2020;

	2021	2020
Donated goods	\$ 56,445	\$ 63,064
Donated services	136,481	152,137
	<u>\$ 192,926</u>	<u>\$ 215,201</u>

(10) **Liquidity And Availability Of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the statement of financial position date.

	2021	2020
Financial assets, at year-end		
Cash and cash equivalents	\$ 563,413	\$ 370,672
Investments	151,165	304,349
Accounts receivable, net	40,442	3,698
Government grants receivable	39,999	
Promises to give, net	57,053	37,800
Total financial assets	852,072	716,519
Less those unavailable for general expenditures within one year, due to:		
Promises to give beyond one year, net	4,871	9,617
Board designated reserve - for future operations	175,000	140,000
	<u>179,871</u>	<u>149,617</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 672,201</u>	<u>\$ 566,902</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the Board designates a portion of any operating surplus to its net assets designated for future operations, which was \$175,000 and \$140,000 as of December 31, 2021 and 2020, respectively. This reserve may be drawn upon in the event of financial distress or an immediate liquidity need resulting from

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Notes To Financial Statements (Continued)

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events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

(11) Lease Commitments

The Organization leases its office space in Boulder, Colorado under an operating lease which expires in 2024. Rent expense for the years ended December 31, 2021 and 2020 was \$70,052 and \$68,364, respectively.

Future minimum lease payments as of December 31, 2021, are:

Year ending December 31,	
2022	\$ 55,744
2023	57,416
2024	29,132
	<u>\$ 142,292</u>

(12) Expenses

Total expenses incurred are as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Total expenses reported by function	\$ 2,303,589	\$ 2,094,675
Cost of goods sold	110,501	83,515
Total expenses	<u>\$ 2,414,090</u>	<u>\$ 2,178,190</u>

(13) Retirement Plan

The Organization maintains a SIMPLE IRA retirement plan for its eligible employees who can contribute the lesser of their gross wages or the maximum contribution limit established annually by the IRS. The Organization contributes the lesser of 3% of the eligible employees' gross wages or the employees' contributed amount. The Organization contributed \$26,813 and \$24,169 to the SIMPLE IRA for the years ended December 31, 2021 and 2020, respectively.

(14) Memorandum Of Understanding

The Organization entered into a Memorandum Of Understanding agreement ("MOU") with the United States Department of Agriculture - Forest Service; United States Department of the Interior -

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Bureau of Land Management; National Park Service; and United States Fish and Wildlife Service, and United States Department of Defense - United States Army Corps of Engineers. The MOU allows the Organization to use the Leave No Trace name and trademarks, including the words “Leave No Trace” in any form of lettering for its programs, with prior written approval required in some cases. The MOU may be amended upon written agreement of both parties and either party may terminate this MOU after 60 days written notice.

(15) **New Accounting Pronouncement**

In December of 2018, FASB issued ASU No. 2018-20, *Leases*. ASU No. 2018-20 which requires the Organization to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for the Organization’s year ended December 31, 2022. The Organization has not evaluated the impact due to the timing of implementation of this standard.