

**LEAVE NO TRACE CENTER FOR**  
**OUTDOOR ETHICS**

Financial Statements For The Years Ended  
December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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.

### 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*

March 28, 2023

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Statements Of Financial Position  
As Of December 31, 2022 And 2021

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ASSETS	2022	2021
Cash and cash equivalents	\$ 849,810	\$ 563,413
Accounts receivable, net of allowance	30,340	40,442
Government grants receivable	161,339	39,999
Promises to give, net of discount	12,215	57,053
Investments		151,165
Prepayments	12,552	16,456
Inventory, net of allowance	101,224	99,305
Property and equipment, net of accumulated depreciation of \$88,286 and \$105,762, respectively	1,630,162	48,091
<b>TOTAL ASSETS</b>	<b>\$ 2,797,642</b>	<b>\$ 1,015,924</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 47,399	\$ 28,737
Accrued liabilities	46,444	26,448
Refundable advance	197,656	175,000
Deferred revenue	87,884	123,481
Note payable, net of debt issuance costs	1,185,855	
Total Liabilities	1,565,238	353,666
Net Assets:		
Without donor restrictions -		
Undesignated	1,041,362	424,136
Designated for future operations	175,000	175,000
Total Without Donor Restrictions	1,216,362	599,136
With donor restrictions	16,042	63,122
Total Net Assets	1,232,404	662,258
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,797,642</b>	<b>\$ 1,015,924</b>

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

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

## Statement Of Activities

For The Year Ended December 31, 2022

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	Without Donor Restrictions	With Donor Restrictions	2022 Total
<b>Support and Revenue:</b>			
Support -			
Contributions and grants	\$ 2,508,137	\$ 3,263	\$ 2,511,400
Contributions of nonfinancial assets	148,836		148,836
Total Support	<u>2,656,973</u>	<u>3,263</u>	<u>2,660,236</u>
Revenue -			
Service fees	399,727		399,727
Sales revenue	178,454		
Less: Cost of goods sold	<u>(92,557)</u>		
Investment income	4,174		4,174
Other income	23,022		23,022
Net assets released from restrictions -			
Satisfaction of program restrictions	50,343	(50,343)	
Total Revenue	<u>3,220,136</u>	<u>(47,080)</u>	<u>3,173,056</u>
<b>Expenses:</b>			
Program Services -			
Education and outreach	<u>2,014,092</u>		<u>2,014,092</u>
Supporting Services -			
General and administrative	271,554		271,554
Fundraising	<u>317,264</u>		<u>317,264</u>
Total Supporting Services	<u>588,818</u>		<u>588,818</u>
Total Expenses	<u>2,602,910</u>		<u>2,602,910</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>617,226</b>	<b>(47,080)</b>	<b>570,146</b>
Net Assets, Beginning Of Year	<u>599,136</u>	<u>63,122</u>	<u>662,258</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 1,216,362</u></u>	<u><u>\$ 16,042</u></u>	<u><u>\$ 1,232,404</u></u>

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

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

## Statement Of Activities

For The Year Ended December 31, 2021

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

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

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Statement Of Functional Expenses  
For The Year Ended December 31, 2022

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	Program Services	General Admin.	Fundraising	2022 Total
Salaries	\$ 1,067,689	\$ 188,410	\$ 166,857	\$ 1,422,956
Staff benefits	121,627	21,463	19,008	162,098
Retirement plan	20,609	3,637	3,221	27,467
Payroll taxes	80,948	14,284	12,650	107,882
Total salaries and related expenses	1,290,873	227,794	201,736	1,720,403
Advertising and marketing	2,831		2,831	5,662
Auto expense	34,816	1,832		36,648
Communications	11,672	1,088	1,377	14,137
Depreciation	27,921	2,604	3,294	33,819
Educational programs	174,040			174,040
Fundraising events			43,283	43,283
Insurance	24,063	2,244	2,839	29,146
Interest expense	16,446	2,487	2,846	21,779
Meetings	13,708	1,278	1,617	16,603
Membership program expense	29,494		29,495	58,989
Office expense	40,472	3,774	4,775	49,021
Postage and shipping	27,329	3,416	3,416	34,161
Printing	1,009	94	119	1,222
Professional fees	158,627	17,625		176,252
Rent	27,886	4,216	4,825	36,927
Software subscriptions	11,085	1,034	1,308	13,427
Storage	1,495			1,495
Travel	112,263	849	12,108	125,220
Utilities	8,062	1,219	1,395	10,676
Total	2,014,092	271,554	317,264	2,602,910

The accompanying notes are an integral part of the financial statements



# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

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
Retirement 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.

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

## Statements Of Cash Flows

For The Years Ended December 31, 2022 And 2021

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 570,146	\$ 35,987
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,819	27,433
(Gain) loss on disposal of assets	590	(1,927)
Amortization of note fees	303	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	10,102	(36,744)
(Increase) in government grants receivable	(121,340)	(39,999)
(Increase) decrease in promises to give	44,838	(19,253)
(Increase) decrease in prepayments	3,904	(455)
(Increase) decrease in inventory	(1,919)	19,424
Increase (decrease) in accounts payable	18,658	10,480
Increase (decrease) in accrued liabilities	19,996	(20,440)
Increase (decrease) in refundable advances	22,656	(4,167)
Increase (decrease) in deferred revenue	<u>(35,597)</u>	<u>87,994</u>
Net cash provided by operating activities	<u>566,156</u>	<u>58,333</u>
Cash flows from investing activities		
Acquisition of property and equipment	(424,590)	(21,840)
Proceeds from sale of property and equipment	1,731	3,065
Purchases of investments		(1,727)
Proceeds from sales of investments	<u>151,165</u>	<u>154,910</u>
Net cash provided by (used in) investing activities	<u>(271,694)</u>	<u>134,408</u>
Cash flows from financing activities		
Payments on note payable	<u>(8,065)</u>	
Net cash (used in) investing activities	<u>(8,065)</u>	<u>0</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>286,397</b>	<b>192,741</b>
Cash And Cash Equivalents, Beginning Of Year	<u>563,413</u>	<u>370,672</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 849,810</u></b>	<b><u>\$ 563,413</u></b>

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

## LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Statements Of Cash Flows (Continued)  
For The Years Ended December 31, 2022 And 2021

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	<u>2022</u>	<u>2021</u>
Supplemental Cash Flow Information:		
Interest paid	<u>\$ 21,475</u>	<u>\$ 0</u>
Non-cash investing and financing activities:		
Property purchased from debt proceeds	<u>\$ 1,200,000</u>	<u>\$ 0</u>

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

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Notes To Financial Statements  
For The Years Ended December 31, 2022 And 2021

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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 of the Organization have been prepared on the accrual basis.

### Basis Of Accounting

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

***Net Assets Without Donor Restrictions*** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

***Net Assets With Donor Restrictions*** - Net assets subject to donor-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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### 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, and those differences could be material.

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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.

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, 2022 and 2021.

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 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> <p>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.</p> |
| 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, government grants receivable, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

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, 2022 and 2021.

Property And Equipment

Property and equipment are stated at cost or at fair market value in the case of donated items. The Organization capitalizes purchases greater than \$500. Depreciation is provided using the straight-line method over estimated useful lives as follows:

Property and equipment	3 to 10 years
Building and improvements	30 years

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.

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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, amounted to \$9,180. Amortization of the resulting discount is recognized as additional contribution revenue in subsequent periods. As of December 31, 2022 and 2021, the unamortized discount was \$0 and \$820, 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. As of December 31, 2022 and 2021, the Organization received advances on conditional promises to give of \$197,656 and \$175,000, respectively, which is recognized in the statement of financial position as a refundable advance.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$105,186 that have not been recognized as of December 31, 2022, because qualifying expenditures have not yet been incurred.

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.

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received.

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Notes To Financial Statements (Continued)

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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, 2022 and 2021, freight costs amounted to \$22,973 and \$28,948, 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:

### Time and Effort

Salaries and benefits  
Advertising and marketing  
Auto expense  
Educational programs  
Membership program expense  
Postage and shipping  
Professional fees  
Show expenses  
Storage  
Travel

### Full-Time Equivalents

Communications  
Depreciation  
Insurance  
Meetings  
Interest  
Office expense  
Printing  
Rent  
Software subscriptions  
Utilities

## Evaluation Of Subsequent Events

The Organization has performed an evaluation of subsequent events through March 28, 2023, 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) Income Taxes

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



## LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Notes To Financial Statements (Continued)

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for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, the accompanying financial statements contain no provision for income taxes.

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

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, 2019. 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 year ended December 31, 2021, the Organization received 23 % 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, 2022, the Organization has not exceeded the FDIC limit on these accounts. Additionally, the Organization did hold one account that was uninsured which amounted to approximately \$505,000.

### (5) Unconditional Promises to Give

Unconditional promises to give consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Receivables due in less than one year	\$ 12,215	\$ 52,873
Receivables due in one to five years		5,000
Total receivables	12,215	57,873
Less: unamortized discount		(820)
	\$ 12,215	\$ 57,053

## LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Notes To Financial Statements (Continued)

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### (6) Investments

The Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2022, and 2021 were investments in certificates of deposit classified as a Level 1 investment of \$0 and \$151,165, respectively.

### (7) Property And Equipment

Property and equipment as of December 31, 2022 and 2021, consisted of the following:

	2022	2021
Furniture and equipment	\$ 150,434	\$ 153,853
Building	331,014	
Land	1,237,000	
	1,718,448	153,853
Less: accumulated depreciation	(88,286)	(105,762)
Property and equipment, net	\$ 1,630,162	\$ 48,091

### (8) Notes Payable

	2022	2021
<b>Elevations Credit Union:</b>		
The note accrues interest based on a variable interest rate based on the Index (currently 2.97% at the commencement of the note) plus a margin of 2.03%. Resulting in an initial interest rate of 5%. Principal and interest payments of \$7,018 shall be due and payable monthly. The note matures on August 22, 2032 with a balloon payment of \$894,491. The note is secured by the property as well as Organization's accounts, inventory, equipment, fixtures, goods, and intangibles.	\$ 1,191,935	\$ 0

## LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Notes To Financial Statements (Continued)

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Future maturities of the notes payable as of December 31, 2022, is as follows:

Year ended December 31,	
2023	\$ 25,190
2024	26,314
2025	27,825
2026	29,249
2027	30,745
Thereafter	1,052,612
Total	1,191,935
Less: unamortized debt issuance costs	(6,080)
	<u>\$ 1,185,855</u>

### (9) Net Assets With Donor Restrictions

Net assets with donor restrictions for the years ended December 31, 2022 and 2021, consisted of the following:

<u>Subject to expenditure for specified purpose:</u>	2022	2021
Scholarships	\$ 3,827	\$ 6,069
Time restrictions	12,215	57,053
	<u>\$ 16,042</u>	<u>\$ 63,122</u>

### (10) Contribution Of Nonfinancial Assets

#### Gifts-In-Kind

The Organization received gifts-in-kind for the years ended December 31, 2022 and 2021:

	2022	2021
Software	\$ 9,545	\$ 56,445
Equipment	54,000	136,481
Professional services	85,291	
Total gifts-in-kind	<u>\$ 148,836</u>	<u>\$ 192,926</u>

During the year ended December 31, 2022, a donation was received for software which was valued using U.S. retail prices (principal market) of identical software. Software is used for program, fundraising, and general and administrative purposes.

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Contributed equipment consisted of team outfitting equipment and vehicle use of five Subaru vehicles for one year. Contributed equipment was valued using estimated U.S. retail prices (principal market) of identical products or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed equipment was used to support the Traveling Trainer program.

All gifts-in-kind received by the Organization for the year ended December 31, 2022 and 2021, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

During the year ended December 31, 2022, in-kind services had \$76,761 reflected in the program expenses and \$8,529 reflected in general and administrative expenses. 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. In-kind services were contributed legal services and are recognized at fair value based on current rates for similar legal services.

### (11) 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.

	2022	2021
Financial assets, at year-end		
Cash and cash equivalents	\$ 849,810	\$ 563,413
Investments		151,165
Accounts receivable, net	30,340	40,442
Government grants receivable	161,339	39,999
Promises to give, net	12,215	57,053
Total financial assets	1,053,704	852,072
Less those unavailable for general expenditures within one year, due to:		
Promises to give beyond one year, net		4,871
Board designated reserve - for future operations	175,000	175,000
	175,000	179,871
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 878,704</u>	<u>\$ 672,201</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 as of December 31, 2022 and 2021. This reserve may be drawn upon in the

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event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

### (12) Lease Commitments

The Organization leased its office space in Boulder, Colorado under an operating lease through August 2022, after which the Organization purchased the building. Rent expense for the years ended December 31, 2022 and 2021 was \$36,927 and \$70,052, respectively.

### (13) Expenses

Total expenses incurred are as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Total expenses reported by function	\$ 2,602,910	\$ 2,303,589
Cost of goods sold	92,557	110,501
Total expenses	<u>\$ 2,695,467</u>	<u>\$ 2,414,090</u>

### (14) 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 \$27,467 and \$26,813 to the SIMPLE IRA for the years ended December 31, 2022 and 2021, respectively.

### (15) 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 - 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.