

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

Financial Statements For The Years Ended  
December 31, 2023 and 2022

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors

**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, 2023 and 2022, 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, 2023 and 2022, 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*

October 23, 2024

# LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

Statements Of Financial Position  
As Of December 31, 2023 And 2022

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<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 71,364	\$ 849,810
Accounts receivable, net of allowance	98,712	30,340
Government grants receivable	131,063	161,339
Promises to give, net of discount	19,180	12,215
Investments	469,808	
Prepayments	18,694	12,552
Inventory, net of allowance	110,650	101,224
Property and equipment, net of accumulated depreciation	<u>1,613,322</u>	<u>1,630,162</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,532,793</u></b>	<b><u>\$ 2,797,642</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 83,275	\$ 47,399
Accrued liabilities	49,217	46,444
Refundable advance		197,656
Deferred revenue	100,121	87,884
Note payable, net of debt issuance costs	<u>1,161,583</u>	<u>1,185,855</u>
Total Liabilities	<u>1,394,196</u>	<u>1,565,238</u>
Net Assets:		
Without donor restrictions -		
Undesignated	860,211	1,041,362
Designated for future operations	<u>255,000</u>	<u>175,000</u>
Total Without Donor Restrictions	1,115,211	1,216,362
With donor restrictions	<u>23,386</u>	<u>16,042</u>
Total Net Assets	<u>1,138,597</u>	<u>1,232,404</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,532,793</u></b>	<b><u>\$ 2,797,642</u></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, 2023

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	Without Donor Restrictions	With Donor Restrictions	2023 Total
<b>Support and Revenue:</b>			
Support -			
Contributions and grants	\$ 1,972,652	\$ 10,979	\$ 1,983,631
Contributions of nonfinancial assets	234,066		234,066
Total Support	<u>2,206,718</u>	<u>10,979</u>	<u>2,217,697</u>
Revenue -			
Service fees	630,538		630,538
Sales revenue	187,407		
Less: Cost of goods sold	<u>(96,844)</u>	90,563	90,563
Investment income	22,044		22,044
Other income	22,896		22,896
Net assets released from restrictions -			
Satisfaction of program restrictions	3,635	(3,635)	
Total Revenue	<u>2,976,394</u>	<u>7,344</u>	<u>2,983,738</u>
<b>Expenses:</b>			
Program Services -			
Education and outreach	2,414,505		2,414,505
Supporting Services -			
General and administrative	313,709		313,709
Fundraising	349,331		349,331
Total Supporting Services	<u>663,040</u>		<u>663,040</u>
Total Expenses	<u>3,077,545</u>		<u>3,077,545</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	(101,151)	7,344	(93,807)
Net Assets, Beginning Of Year	<u>1,216,362</u>	<u>16,042</u>	<u>1,232,404</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,115,211</u>	<u>\$ 23,386</u>	<u>\$ 1,138,597</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, 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
<b>Total Support</b>	<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>	85,897	85,897
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)	
<b>Total Revenue</b>	<u>3,220,136</u>	<u>(47,080)</u>	<u>3,173,056</u>
<b>Expenses:</b>			
Program Services -			
Education and outreach	2,014,092		2,014,092
Supporting Services -			
General and administrative	271,554		271,554
Fundraising	317,264		317,264
<b>Total Supporting Services</b>	<u>588,818</u>		<u>588,818</u>
<b>Total Expenses</b>	<u>2,602,910</u>		<u>2,602,910</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	617,226	(47,080)	570,146
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>\$ 1,216,362</u>	<u>\$ 16,042</u>	<u>\$ 1,232,404</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, 2023

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	<u>Program Services</u>	<u>General Admin.</u>	<u>Fundraising</u>	<u>2023 Total</u>
Salaries	\$ 1,179,524	\$ 213,697	\$ 172,073	\$ 1,565,294
Staff benefits	136,752	24,776	19,950	181,478
Retirement plan	26,461	4,794	3,860	35,115
Payroll taxes	93,959	17,023	13,707	124,689
Total salaries and related expenses	<u>1,436,696</u>	<u>260,290</u>	<u>209,590</u>	<u>1,906,576</u>
Advertising and marketing	36,692		36,692	73,384
Auto expense	56,010	2,948		58,958
Communications	13,010			13,010
Depreciation	35,438	3,250	4,419	43,107
Educational programs	213,406			213,406
Facilities	16,051			16,051
Fundraising events	26,975		26,975	53,950
Insurance	36,846	3,379	4,594	44,819
Interest expense	45,330	6,192	8,418	59,940
Meetings	17,864	1,639	2,228	21,731
Membership program expense	31,909		31,908	63,817
Office expense	27,052	2,481	3,373	32,906
Postage and shipping	31,200	3,900	3,900	39,000
Printing	3,664	336	457	4,457
Professional fees	234,684	26,076		260,760
Software subscriptions	13,096	1,201	1,633	15,930
Storage	3,748			3,748
Travel	127,110	962	13,710	141,782
Utilities	7,724	1,055	1,434	10,213
Total	<u>\$ 2,414,505</u>	<u>\$ 313,709</u>	<u>\$ 349,331</u>	<u>\$ 3,077,545</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	<u>1,290,873</u>	<u>227,794</u>	<u>201,736</u>	<u>1,720,403</u>
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	<u>\$ 2,014,092</u>	<u>\$ 271,554</u>	<u>\$ 317,264</u>	<u>\$ 2,602,910</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, 2023 And 2022

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	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ (93,807)	\$ 570,146
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	43,107	33,819
(Gain) loss on disposal of assets	1,036	590
Amortization of debt issuance fees	911	303
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(68,372)	10,102
(Increase) decrease in government grants receivable	30,276	(121,340)
(Increase) decrease in promises to give	(6,965)	44,838
(Increase) decrease in prepayments	(6,142)	3,904
(Increase) in inventory	(9,426)	(1,919)
Increase in accounts payable	35,880	18,658
Increase in accrued liabilities	2,773	19,996
Increase (decrease) in refundable advances	(197,656)	22,656
Increase (decrease) in deferred revenue	12,237	(35,597)
Net cash provided by (used in) operating activities	<u>(256,148)</u>	<u>566,156</u>
Cash flows from investing activities		
Acquisition of property and equipment	(27,540)	(424,590)
Proceeds from sale of property and equipment	240	1,731
Purchases of investments	(469,808)	
Proceeds from sales of investments		151,165
Net cash (used in) investing activities	<u>(497,108)</u>	<u>(271,694)</u>
Cash flows from financing activities		
Payments on note payable	(25,190)	(8,065)
Net cash (used in) investing activities	<u>(25,190)</u>	<u>(8,065)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(778,446)</b>	<b>286,397</b>
Cash And Cash Equivalents, Beginning Of Year	<u>849,810</u>	<u>563,413</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 71,364</u></b>	<b><u>\$ 849,810</u></b>

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

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Statements Of Cash Flows (Continued)  
For The Years Ended December 31, 2023 And 2022

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	<u>2023</u>	<u>2022</u>
Supplemental Cash Flow Information:		
Interest paid	<u>\$ 59,028</u>	<u>\$ 21,475</u>
Non-cash investing and financing activities:		
Property purchased from debt proceeds	<u>\$ 0</u>	<u>\$ 1,200,000</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, 2023 And 2022

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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.

### Recently Adopted Accounting Standards

On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* (Topic 326) (ASC 326) and all related subsequent amendments thereto using the modified retrospective approach. Results for the reporting periods beginning after January 1, 2023 are presented under current expected credit loss (“CECL”) while prior period amounts continue to be reported in accordance with previously applicable accounting standards. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts and notes receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The adoption did not have an impact to the financial statements for the year ended December 31, 2023.

### 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.

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***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.

## 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.

## Accounts Receivable

The Organization's policy for charging off receivables is when future payments thereon are determined to be improbable. In determining the amount of the allowance as of the statement of financial position date, the Organization develops a loss rate. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions and based on a specific assessment of the creditworthiness of each customer. As of December 31, 2023 and 2022, there was an allowance for credit losses on accounts receivable balances of \$1,000. Additionally, there was no change in this allowance during the year ended December 31, 2023.

## 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:
- 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.
- 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, 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,

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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, 2023 and 2022.

## 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.

## 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, 2023 and 2022, amounted to \$820. Amortization of the resulting discount is recognized as additional contribution revenue in subsequent periods.

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, 2023 and 2022, the Organization received advances on conditional promises to give of \$0 and \$197,656, 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

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Notes To Financial Statements (Continued)

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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. As of December 31, 2023 and 2022, the Organization received cost-reimbursable grants of \$106,758 and \$105,186, respectively, which have not been recognized, 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.

### 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, 2023 and 2022, freight costs amounted to \$23,469 and \$22,973, 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  
Fundraising events  
Membership program expense

#### Full-Time Equivalents

Communications  
Depreciation  
Insurance  
Meetings  
Interest  
Office expense

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Notes To Financial Statements (Continued)

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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 October 23, 2024, 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 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, 2020. 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, 2023, the Organization received 25% 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, 2023, the Organization exceeded the FDIC limit by approximately \$220,000.

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Notes To Financial Statements (Continued)

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## (5) Investments

The Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2023, and 2022 were investments in certificates of deposit classified as a Level 1 investment of \$469,808 and \$0, respectively.

## (6) Property And Equipment

Property and equipment as of December 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 170,679	\$ 150,434
Building	331,014	331,014
Land	1,237,000	1,237,000
	<u>1,738,693</u>	<u>1,718,448</u>
Less: accumulated depreciation	(125,371)	(88,286)
Property and equipment, net	<u>\$ 1,613,322</u>	<u>\$ 1,630,162</u>

## (7) Notes Payable

### **Elevations Credit Union:**

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.

	<u>2023</u>	<u>2022</u>
	\$ 1,166,750	\$ 1,191,935

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Notes To Financial Statements (Continued)

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Future maturities of the notes payable as of December 31, 2023, is as follows:

Year ended December 31,		
2024	\$	26,314
2025		27,825
2026		29,249
2027		30,745
2028		32,169
Thereafter		1,020,448
Total		<u>1,166,750</u>
Less: unamortized debt issuance costs		(5,167)
		<u><u>\$ 1,161,583</u></u>

## (8) Net Assets With Donor Restrictions

Net assets with donor restrictions for the years ended December 31, 2023 and 2022, consisted of the following:

<u>Subject to expenditure for specified purpose:</u>	2023	2022
Scholarships	\$ 4,206	\$ 3,827
Time restrictions	19,180	12,215
	<u>\$ 23,386</u>	<u>\$ 16,042</u>

## (9) Contribution Of Nonfinancial Assets

### Gifts-In-Kind

The Organization received gifts-in-kind for the years ended December 31, 2023 and 2022:

	2023	2022
Software	\$	\$
Membership shirts	14,134	
Equipment	56,153	54,000
Professional services	163,779	85,291
Total gifts-in-kind	<u>\$ 234,066</u>	<u>\$ 148,836</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 was used for program, fundraising, and general and administrative purposes.

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During the year ended December 31, 2023, a donation was received for membership shirts which was valued using U.S. retail prices (principal market) of identical products. \$7,067 was used for program and \$7,067 was used for fundraising purposes.

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, 2023 and 2022, 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, 2023, in-kind services had \$147,401 reflected in the program expenses and \$16,378 reflected in general and administrative expenses. 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. In-kind services were contributed legal services and are recognized at fair value based on current rates for similar legal services.

### (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.

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 71,364	\$ 849,810
Investments	469,808	
Accounts receivable, net	98,712	30,430
Government grants receivable	131,063	161,339
Promises to give, net	19,180	12,215
Total financial assets	<u>790,127</u>	<u>1,053,794</u>
Less those unavailable for general expenditures within one year, due to:		
Board designated reserve - for future operations	<u>255,000</u>	<u>175,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 535,127</u>	<u>\$ 878,794</u>

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Notes To Financial Statements (Continued)

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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 as of December 31, 2023 and 2022, was \$255,000 and \$175,000, respectively. This reserve may be drawn upon in the 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.

### (11) 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 year ended December 31, 2022 was \$36,927.

### (12) Expenses

Total expenses incurred are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Total expenses reported by function	\$ 3,077,545	\$ 2,602,910
Cost of goods sold	96,844	92,557
Total expenses	<u>\$ 3,174,389</u>	<u>\$ 2,695,467</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 \$35,116 and \$27,467 to the SIMPLE IRA for the years ended December 31, 2023 and 2022, respectively.

## LEAVE NO TRACE CENTER FOR OUTDOOR ETHICS

(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 - 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..