



# **BACKCOUNTRY HUNTERS & ANGLERS**

**(A NONPROFIT ORGANIZATION)**

**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 and 2020**



# BACKCOUNTRY HUNTERS & ANGLERS

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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
Backcountry Hunters & Anglers  
Missoula, Montana

### Opinion

We have audited the accompanying financial statements of Backcountry Hunters & Anglers (a nonprofit corporation), 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 Backcountry Hunters & Anglers, as of December 31, 2021 and 2020, and the changes in its 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 audit 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 Backcountry Hunters & Anglers and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Backcountry Hunters & Anglers' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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.
- 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 Backcountry Hunters & Anglers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Backcountry Hunters & Anglers' ability to continue as a going concern for a reasonable period of time.

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

*Junkermeier, Clark, Campanella, Stevens, P.C.*

Missoula, Montana  
April 18, 2022

**BACKCOUNTRY HUNTERS & ANGLERS**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,099,414	\$ 1,954,832
Accounts receivable	18,649	6,000
Grants receivable-current	932,500	157,500
Pledges receivable	119,744	170,909
Inventory	318,119	299,399
Prepaid expenses	33,156	24,207
<b>Total Current Assets</b>	<b>3,521,582</b>	<b>2,612,847</b>
<b>Property and Equipment</b>		
Office furniture and equipment	78,557	57,434
Website	31,079	9,579
Trademarks	5,336	4,986
Accumulated depreciation and amortization	(52,536)	(40,520)
<b>Total Property and Equipment</b>	<b>62,436</b>	<b>31,479</b>
<b>Other Assets</b>		
Grants receivable-noncurrent	45,000	22,500
<b>Total Assets</b>	<b>\$ 3,629,018</b>	<b>\$ 2,666,826</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 70,843	\$ 122,177
Accrued wages	102,327	46,623
Contract liabilities	13,925	16,750
<b>Total Current Liabilities</b>	<b>187,095</b>	<b>185,550</b>
<b>Net Assets</b>		
Without Donor Restriction	2,211,895	1,695,667
With Donor Restriction	1,230,028	785,609
<b>Total Net Assets</b>	<b>3,441,923</b>	<b>2,481,276</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,629,018</b>	<b>\$ 2,666,826</b>

See the independent auditors' report and the accompanying notes to the financial statements.

**BACKCOUNTRY HUNTERS & ANGLERS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and Revenues</b>			
Grant revenues	\$ 1,635,626	\$ 1,017,784	\$ 2,653,410
Business sponsors	391,257	19,700	410,957
Events and miscellaneous	629,307	-	629,307
Regular membership	1,029,250	65,802	1,095,052
Donations	698,355	23,035	721,390
Interest	623	-	623
In-kind revenue	261,020	-	261,020
Merchandise revenue	261,928	-	261,928
Net assets released from restrictions	<u>681,902</u>	<u>(681,902)</u>	<u>-</u>
<b>Total Revenues</b>	<u>5,589,268</u>	<u>444,419</u>	<u>6,033,687</u>
<b>Expenses</b>			
Program services	4,418,714	-	4,418,714
Management and general	271,924	-	271,924
Fundraising	<u>382,402</u>	<u>-</u>	<u>382,402</u>
<b>Total Expenses</b>	<u>5,073,040</u>	<u>-</u>	<u>5,073,040</u>
<b>Change in Net Assets</b>	516,228	444,419	960,647
<b>Net Assets, Beginning of Year</b>	<u>1,695,667</u>	<u>785,609</u>	<u>2,481,276</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,211,895</u>	<u>\$ 1,230,028</u>	<u>\$ 3,441,923</u>

See the independent auditors' report and the accompanying notes to the financial statements.

**BACKCOUNTRY HUNTERS & ANGLERS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Support and Revenues</b>			
Grant revenues	\$ 1,293,057	\$ 614,700	\$ 1,907,757
Business sponsors	288,360	31,000	319,360
Events and miscellaneous	533,700	-	533,700
Regular membership	1,050,787	59,820	1,110,607
Donations	553,207	37,448	590,655
Interest	83	-	83
In-kind revenue	280,208	-	280,208
Merchandise revenue	333,668	-	333,668
Net assets released from restrictions	<u>839,773</u>	<u>(839,773)</u>	<u>-</u>
<b>Total Revenues</b>	<u>5,172,843</u>	<u>(96,805)</u>	<u>5,076,038</u>
<b>Expenses</b>			
Program services	3,791,431	-	3,791,431
Management and general	176,075	-	176,075
Fundraising	<u>244,209</u>	<u>-</u>	<u>244,209</u>
<b>Total Expenses</b>	<u>4,211,715</u>	<u>-</u>	<u>4,211,715</u>
<b>Change in Net Assets</b>	961,128	(96,805)	864,323
<b>Net Assets, Beginning of Year</b>			
As previously stated	739,414	882,414	1,621,828
Cumulative effect of change in accounting principle	<u>(4,875)</u>	<u>-</u>	<u>(4,875)</u>
As restated	<u>734,539</u>	<u>882,414</u>	<u>1,616,953</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,695,667</u>	<u>\$ 785,609</u>	<u>\$ 2,481,276</u>

See the independent auditors' report and the accompanying notes to the financial statements.

**BACKCOUNTRY HUNTERS & ANGLERS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,978,553	\$ 159,710	\$ 154,619	\$ 2,292,882
Payroll taxes, benefits	392,919	31,717	30,706	455,342
Shows and events	245,753	-	17,452	263,205
Contract help	111,424	8,000	2,000	121,424
Media	161,227	1,715	8,576	171,518
Backcountry journal	250,080	-	-	250,080
Membership support	186,703	-	-	186,703
Fees, dues, subscriptions	121,604	20,265	17,534	159,403
Rent	50,924	3,321	1,107	55,352
Utilities	23,881	1,933	2,774	28,588
Website	81,397	958	13,407	95,762
Travel	113,831	3,076	6,153	123,060
Printing and postage	206,159	3,852	14,649	224,660
Supplies	39,898	1,649	2,660	44,207
Cost of promotions	228,827	-	-	228,827
Insurance	16,525	972	1,944	19,441
Professional services	-	33,152	-	33,152
Miscellaneous	4,192	607	-	4,799
Staff development	356	75	-	431
Grant-subrecipient	22,321	-	-	22,321
Rewards	1,000	-	-	1,000
Depreciation and amortization	13,055	922	1,382	15,359
In-kind expenses	161,159	-	107,439	268,598
Bad debt expense	6,926	-	-	6,926
<b>Total Expenses</b>	<u>\$ 4,418,714</u>	<u>\$ 271,924</u>	<u>\$ 382,402</u>	<u>\$ 5,073,040</u>

See the independent auditors' report and the accompanying notes to the financial statements.

**BACKCOUNTRY HUNTERS & ANGLERS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,577,725	\$ 78,688	\$ 92,690	\$ 1,749,103
Payroll taxes, benefits	390,243	19,463	22,926	432,632
Shows and events	143,393	-	6,802	150,195
Contract help	24,219	585	-	24,804
Media	225,301	2,397	11,984	239,682
Backcountry journal	219,781	-	-	219,781
Membership support	141,219	-	-	141,219
Fees, dues, subscriptions	106,845	2,888	5,775	115,508
Rent	48,526	1,311	2,623	52,460
Utilities	24,569	663	1,328	26,560
Website	75,544	900	13,490	89,934
Travel	56,033	1,514	3,029	60,576
Printing and postage	241,272	2,566	12,834	256,672
Supplies	11,958	321	646	12,925
Cost of promotions	183,786	-	7,658	191,444
Insurance	19,070	515	1,031	20,616
Professional services	109,618	63,771	-	173,389
Miscellaneous	5,631	153	304	6,088
Staff development	1,839	75	415	2,329
Grant-subrecipient	45,356	-	-	45,356
Rewards	3,000	-	-	3,000
Depreciation and amortization	9,816	265	531	10,612
In-kind expenses	111,695	-	60,143	171,838
Bad debt expense	14,992	-	-	14,992
<b>Total Expenses</b>	<b><u>\$ 3,791,431</u></b>	<b><u>\$ 176,075</u></b>	<b><u>\$ 244,209</u></b>	<b><u>\$ 4,211,715</u></b>

See the independent auditors' report and the accompanying notes to the financial statements.

**BACKCOUNTRY HUNTERS & ANGLERS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 960,647	\$ 864,323
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	15,359	10,612
In-kind donations	(261,020)	(280,208)
In-kind expenses	268,598	171,838
Change in assets and liabilities:		
Accounts receivable	(12,649)	(6,000)
Grants receivable	(797,500)	210,000
Pledges receivable	51,165	(86,577)
Prepaid expenses	(8,949)	(14,207)
Inventory	(26,298)	(45,929)
Intangible assets	(350)	(648)
Accounts payable	(51,334)	14,009
Accrued wages payable	55,704	(6,175)
Contract liabilities	<u>(2,825)</u>	<u>11,875</u>
<b>Net Cash Flows From Operating Activities</b>	<u>190,548</u>	<u>842,913</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	<u>(45,966)</u>	<u>(5,849)</u>
<b>Net Cash Flows From Investing Activities</b>	<u>(45,966)</u>	<u>(5,849)</u>
<b>Net Change in Cash</b>	144,582	837,064
<b>Cash - Beginning of Year</b>	<u>1,954,832</u>	<u>1,117,768</u>
<b>Cash - End of Year</b>	<u>\$ 2,099,414</u>	<u>\$ 1,954,832</u>

See the independent auditors' report and the accompanying notes to the financial statements.

**BACKCOUNTRY HUNTERS & ANGLERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 and 2020**

**1. Nature of Activities & Summary of Significant Accounting Policies**

Nature of Activities

Backcountry Hunters & Anglers (the Organization) was incorporated in Oregon on April 26, 2004, under the State of Oregon Non-Profit Corporation Statutes. The Organization seeks to ensure North America's outdoor heritage of hunting and fishing in a natural setting, through education and work on behalf of our wild public lands, waters and wildlife. The Organization operates programs focused in the following areas: access and opportunity, conservation of public lands and waters, and fair chase.

Programs

Under the programmatic focus on access and opportunity, the Organization addresses access to public lands and waters and enhancing recreational opportunities. The Organization is committed to helping chapters address the physical issue of access to public lands and waters while also prioritizing conservation of key lands and waters, conservation of fish and wildlife habitat, implementation of science-based land management policies, and advocacy against the privatization of public lands, waters, and wildlife.

Under the programmatic focus on conservation of public lands and waters, the Organization works to advance science-based management of North America's public lands, waters and wildlife. The Organization works to maintain longstanding hunting and fishing traditions through a focus on habitat conservation, restoration, responsible stewardship of priority landscapes, balanced development, responsible off-highway vehicle use and management, and defending our unique legacy of public lands.

Under the programmatic focus on fair chase, the Organization works to uphold the traditions of ethical hunting and fishing by maintaining fair chase principles. The Organization believes that technological advances can give unfair advantages in hunting, scouting, and fishing. The Organization believes in the fair chase principles inherent in the North American Model of Wildlife Conservation. Under its fair chase programs, the Organization works to elevate standards established by conservation leaders like Aldo Leopold, Theodore Roosevelt and others to ensure that the ethical pursuit of fish and game remains a critical part of hunting and fishing traditions.

The Organization uses general operating revenue to provide educational communication platforms that inform people about the importance of conserving wild places that provide solitude and safe, enjoyable and sustainable backcountry hunting and fishing experiences. The Organization takes special pride in educating the next generation of hunters and anglers. The *Backcountry Journal*, one of its most important platforms, is published quarterly and available to all members. The journal is a magazine with educational stories, hunting and fishing narratives, conservation project reports, and policy issue updates. The Organization also hosts an annual event called North American Rendezvous, which is a weekend of camaraderie, hands-on seminars, speakers and special events focused on wild harvested food, recognizing chapters and members, training conservation leaders and raising funding to support its mission. The Organization also attends numerous meetings and events across the continent to visit one-on-one with hunters and anglers about the issues they are facing and the work the Organization is doing locally.

The Organization is dependent on membership revenue, corporate donations, merchandise sales, special events income, individual donations, and grant funding for operational support. Grant funding is subject to ongoing approval by grantor agencies.

Basis of Presentation

The Organization maintains its records and presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**BACKCOUNTRY HUNTERS & ANGLERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 and 2020**

**1. Nature of Activities & Summary of Significant Accounting Policies (Continued)**

Classification of Net Assets

The financial statements of the Organization are prepared in conformity with the standards promulgated by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial information and activities according to the two following classes of net assets:

*Net assets without donor restriction* represent net amounts that have been earned and expended according to contract restrictions and net amounts from generally unrestricted activities. Net assets without donor restriction include cash and fixed assets that are contractually designated for operations.

*Net assets with donor restriction* represent amounts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Net assets with donor restriction include receivables subject to time restrictions and cash subject to purpose restrictions.

Restricted and Unrestricted Support

Contributions received or donor promises to give are recorded as net assets with donor restriction, or net assets without donor restriction, depending on the existence or nature of any donor restriction. Contributions made to the Organization are considered available for use without donor restriction unless specifically restricted by the donor. Contributions of property and equipment are reported as net assets without donor restriction when placed in service unless the donor has restricted the use of the asset to a specific purpose or time period.

The Organization's policy is to sell donated investments when received. Contributions of cash or other assets that must be used to acquire property and equipment are reported as increases in net assets with donor restriction until the assets are acquired and placed in service as instructed by the donor, unless the donor has also required that the acquired asset be used for a specific purpose or time period. If the donor requires property and equipment to be used for a specific purpose, restrictions on the net assets with donor restriction are released as the asset is depreciated. If the donor requires property and equipment to be used for a specific time period, restrictions on net assets with donor restriction are released evenly over the period required.

All restricted support is reported as an increase in net assets with donor restriction. However, support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is received. When a restriction expires, such as when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction. Investment income and gains restricted by donors are reported as increases in net assets without donor restriction if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

At December 31, 2021 and 2020, the Organization's cash and cash equivalents include cash on hand, demand deposits, and investments with original maturities of three months or less. The Organization maintains cash deposits with various institutions which are FDIC insured up to \$250,000. At times during the year, these deposits may be in excess of FDIC insured limits.

**BACKCOUNTRY HUNTERS & ANGLERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 and 2020**

**1. Nature of Activities & Summary of Significant Accounting Policies (Continued)**

Management of Liquid Resources

The Organization is substantially supported by both contributions with donor restriction and contributions without donor restriction. For donor restricted contributions, the Organization must maintain adequate resources to meet those responsibilities to donors. Thus, some of the Organization's financial assets may not be available for general expenditure within one year of the date of the statement of financial position. The Organization manages its liquidity as part of a policy to make financial assets without donor restriction available for general expenditures, liabilities, and other obligations as they come due.

The following table represents the Organization's financial assets as of December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 2,099,414	\$ 1,954,832
Receivables	<u>1,115,893</u>	<u>356,909</u>
Total financial assets	3,215,307	2,311,741
Less amounts not available for general expenditures within one year:		
Restricted cash on hand	132,784	434,700
Receivables not expected to be received within one year	<u>45,000</u>	<u>22,500</u>
Total amounts not available for general expenditures within one year	<u>177,784</u>	<u>457,200</u>
Financial assets available for general expenditures within one year	<u>\$ 3,037,523</u>	<u>1,854,541</u>

Grants and Pledges Receivable

Grants and pledges receivable represent amounts due from granting agencies and other donors. Receivables are stated at the amount the Organization expects to collect from balances outstanding at year-end, net of any related allowance or discount.

Allowance for Doubtful Accounts

The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. Management estimates the allowance to be \$11,956 and \$10,222, respectively, as of December 31, 2021 and 2020. Bad debts charged to expense were \$6,926 and \$14,992 during the years ended December 31, 2021 and 2020, respectively.

Inventory

Inventory consists of merchandise held for sale through the Organization's online website, firearms, and other contributed items used for fundraising. Inventory held for sale is reported at the lower of cost or market. Inventory on hand was \$318,119 and \$299,399 as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, respectively, \$100,792 and \$108,370 of contributed goods were included in inventory.

Property and Equipment

It is the Organization's policy to capitalize property and equipment acquisitions with a significant purchase price and a useful life of more than one year. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives, ranging from 3-7 years, of the related assets using the straight-line method. Expenses for repairs and maintenance are charged to expense as incurred.

**BACKCOUNTRY HUNTERS & ANGLERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 and 2020**

**1. Nature of Activities & Summary of Significant Accounting Policies (Continued)**

Trademarks

Trademarks have been determined to have indefinite useful lives and are not amortized. Management evaluates the useful lives and recoverability of trademarks periodically, taking into account events and circumstances that may warrant revised estimated lives or indicate the asset may be impaired. Management has not identified an impairment of trademark assets during the years ended December 31, 2021 and 2020.

Compensated Absences

During the year ended December 31, 2021, the Organization updated its' compensated absences policy which added the payout of outstanding accrued vacation upon separation with the Organization. The balance of accrued vacation at December 31, 2021 is \$57,861.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Paycheck Protection Program

During the years ended December 31, 2021 and 2020, the Organization was the recipient of loans received under the Paycheck Protection Program administered by the U.S. Small Business Administration. These loans, including accrued interest, were forgiven in August 2021 and November 2020, respectively. Principle and interest forgiven in the amounts of \$429,536 and \$441,496, respectively, are included in grant revenues in the statements of activities for the years ended December 31, 2021 and 2020, consistent with FASB ASC 958-605.

Contributed Goods and Services

Many individuals and organization's make in-kind donations or volunteer their services to the Organization. Accounting principles generally accepted in the United States of America require recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended December 31, 2021 and 2020, the Organization recognized in-kind revenue of \$261,020 and \$280,208, respectively. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

The Organization receives donated services from volunteers and members of the Board of Directors. The value of these services have not been recorded in the financial statements because they do not meet the definition for recognition under accounting principles generally accepted in the United States of America.

Revenue Recognition

The majority of the Organization's revenue is received through contributions which are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the contributions or grants to determine if the revenue streams follow applicable guidance under accounting for contributions, or if they are considered exchange transactions, depending on whether the transaction is reciprocal or nonreciprocal.

For transactions that qualify to be accounted for as contributions under the applicable guidance, revenue is recognized upon notification of the award or contribution or upon satisfaction of applicable conditions. Conditional contributions are not recognized until the conditions on which they depend are substantially met.

**BACKCOUNTRY HUNTERS & ANGLERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 and 2020**

**1. Nature of Activities & Summary of Significant Accounting Policies (Continued)**

Revenue Recognition (Continued)

Contributions qualifying as unconditional contributions are recognized as *without donor restriction* only to the extent of actual expenses incurred in compliance with donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as *net assets with donor restriction* in the accompanying financial statements. Accounts included in the statements of activities accounted for entirely as contributions include grants, events, memberships, and donation revenue. Membership dues are accounted for entirely as contributions, as members receive no substantial benefits. Business sponsorships include both contribution and exchange elements, discussed further on the subsequent page.

For transactions required to be accounted for as exchange transactions, revenue is accounted for under ASC 606, *Revenue from Contracts with Customers*. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods and services to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods and services. Accounts included in the statements of activities accounted for entirely, or partially, as exchange transactions under Topic 606 include merchandise sales and business sponsorships.

- *Merchandise Sales:* The Organization operates a website where customers can purchase a selection of products. Revenue is recognized at a point in time when control of merchandise purchased transfers. Transfer of control of merchandise occurs when online orders are shipped from the Organization's distribution warehouse.
- *Business Sponsors:* As noted above, income from business sponsors includes both contribution and exchange elements. As part of its contracts with business sponsors, the Organization may be required to satisfy performance obligations in return for a portion of the payment received from its business sponsors. The transaction price is allocated based on performance obligations that are distinct and separate and is estimated based on the fair market value of the distinct performance obligations. Performance obligations related to contracts with business sponsors are generally satisfied at a point in time. The portion of the payment from business sponsors in excess of the transaction price related to performance obligations is accounted for as contribution income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting service. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e., fundraising and management and general services). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, location and purpose, or time and effort incurred by employees.

**BACKCOUNTRY HUNTERS & ANGLERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 and 2020**

**1. Nature of Activities & Summary of Significant Accounting Policies (Continued)**

Functional Allocation of Expenses (Continued)

Expenses allocated based on time and effort include contract help, payroll taxes and benefits, salaries, and professional services. Expenses allocated based on location and purpose include depreciation, rent, shows and events, and travel.

**2. Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents		
Checking account	\$ 1,081,673	\$ 1,066,961
Money market account	244,659	240,759
Chapter checking and savings accounts	<u>773,082</u>	<u>647,112</u>
Total Cash and Cash Equivalents	<u>\$ 2,099,414</u>	<u>\$ 1,954,832</u>

**3. Grants and Pledges Receivable**

Grants and pledges receivable are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Grants receivable	\$ 977,500	\$ 180,000
Pledges receivable	<u>119,744</u>	<u>170,909</u>
Total	1,097,244	350,909
Less: current portion of		
Grants receivable	932,500	157,500
Pledges receivable	<u>119,744</u>	<u>170,909</u>
Noncurrent portion of receivables	<u>\$ 45,000</u>	<u>\$ 22,500</u>

The following is a summary of the maturities of grants and pledges receivable as of December 31:

2022	\$ 1,052,244
2023	37,500
2024	<u>7,500</u>
Total	<u>\$ 1,097,244</u>

**BACKCOUNTRY HUNTERS & ANGLERS**  
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**4. Contracts With Customers**

Contract balances with customers include the following:

	<u>Balance at December 31, 2019</u>		<u>Balance at December 31, 2020</u>		<u>Balance at December 31, 2021</u>
<i>Business Sponsorships</i>					
Accounts receivable	\$ -		\$ 6,000		\$ -
Contract liabilities	-		16,750		13,925

*Business Sponsorships*

The Organization recognizes revenue related to its business sponsorships as described in Note 1. The contracts outline payments from business sponsors, a portion for which the Organization may be required to satisfy performance obligations. Receivables of zero and \$6,000 have been recorded for performance obligations satisfied but for which payment has not been received as of December 31, 2021 and 2020, respectively. Contract liabilities have been recorded for payments received in advance of the satisfaction of performance obligations.

Performance obligations related to contracts with customers are expected to be satisfied within one year of the statement of financial position date.

**5. Operating Leases**

During the years ended December 31, 2021 and 2020, the Organization leased six office spaces in Missoula, Montana under noncancelable operating leases. Monthly payment amounts for each office space as of December 31, 2021 were \$275, \$290, \$725, \$850, \$1,050, and \$1,075.

All six leases were entered into in May of 2020 and mature in May of 2022 with an option to renew for two-years. All leases convert to month-to-month if not renewed or options to extend are not exercised.

Total rent expense for office space amounted to \$55,352 and \$52,460 for the years ended December 31, 2021 and 2020, respectively. Required future minimum lease payments under noncancelable leases for the year ended December 31, 2022 is \$21,325. See Note 7 for additional information regarding noncancelable leases.

**6. Net Assets**

Net assets with and without donor restrictions are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restriction		
Invested in property and equipment, net of depreciation	\$ 57,100	\$ 26,493
Inventory	318,119	299,399
Undesignated	<u>1,836,676</u>	<u>1,369,775</u>
Total Net Assets Without Donor Restriction	<u>\$ 2,211,895</u>	<u>\$ 1,695,667</u>

**BACKCOUNTRY HUNTERS & ANGLERS**  
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**6. Net Assets (Continued)**

	<b>2021</b>	<b>2020</b>
Net Assets With Donor Restriction		
Receivables subject to time restrictions	\$ 1,097,244	\$ 350,909
Cash subject to purpose restrictions	132,784	434,700
Total Net Assets With Donor Restriction	1,230,028	785,609
Total Net Assets	\$ 3,441,923	\$ 2,481,276

**7. Subsequent Events**

Management has evaluated subsequent events through April 18, 2022, the date on which the financial statements were available to be issued.

In January 2022, subsequent to year-end, the Organization signed a noncancelable operating lease which runs through April of 2022. The monthly payment for this space is \$510. The addition of this lease increases the required future minimum lease payments amount shown in Note 5 to \$23,365.