



**BACKCOUNTRY HUNTERS
& ANGLERS**

(A NONPROFIT ORGANIZATION)

**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021**



BACKCOUNTRY HUNTERS & ANGLERS

CONTENTS

| | Page |
|-------------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 3 - 4 |
| FINANCIAL STATEMENTS | |
| Statements of financial position | 5 |
| Statements of activities | 6 - 7 |
| Statements of functional expenses | 8 - 9 |
| Statements of cash flows | 10 |
| Notes to financial statements | 11 - 20 |



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, 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 Backcountry Hunters & Anglers, as of December 31, 2022 and 2021, 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 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 Backcountry Hunters & Anglers 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 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 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 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Backcountry Hunters & Anglers has adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), and the subsequent pronouncements, during the current year. Our opinion is not modified with respect to that matter.

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

Missoula, Montana
May 23, 2023

BACKCOUNTRY HUNTERS & ANGLERS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 and 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,435,898 | \$ 2,099,414 |
| Accounts receivable | 8,103 | 18,649 |
| Grants receivable - current | 97,500 | 932,500 |
| Pledges receivable | 223,995 | 119,744 |
| Inventory | 320,328 | 318,119 |
| Prepaid expenses | 50,214 | 33,156 |
| Total Current Assets | 2,136,038 | 3,521,582 |
| Property and Equipment | | |
| Office furniture and equipment | 72,278 | 78,557 |
| Website | 31,079 | 31,079 |
| Trademarks | 5,336 | 5,336 |
| Accumulated depreciation and amortization | (55,678) | (52,536) |
| Total Property and Equipment | 53,015 | 62,436 |
| Other Assets | | |
| Grants receivable - noncurrent | 7,500 | 45,000 |
| Right of use asset | 60,296 | - |
| Total Other Assets | 67,796 | 45,000 |
| Total Assets | \$ 2,256,849 | \$ 3,629,018 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 124,566 | \$ 70,843 |
| Accrued wages | 64,738 | 102,327 |
| Lease liability - short term | 42,325 | - |
| Contract liabilities | 38,713 | 13,925 |
| Total Current Liabilities | 270,342 | 187,095 |
| Long Term Liabilities | | |
| Lease liability - long term | 17,971 | - |
| Total Liabilities | 288,313 | 187,095 |
| Net Assets | | |
| Without Donor Restriction | 1,475,088 | 2,211,895 |
| With Donor Restriction | 493,448 | 1,230,028 |
| Total Net Assets | 1,968,536 | 3,441,923 |
| Total Liabilities and Net Assets | \$ 2,256,849 | \$ 3,629,018 |

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, 2022**

| | Without Donor Restriction | With Donor Restriction | Total |
|--|--|-----------------------------------|---------------------|
| Support and Revenues | | | |
| Grant revenues | \$ 1,042,532 | \$ 224,453 | \$ 1,266,985 |
| Business sponsors | 423,640 | 30,427 | 454,067 |
| Events and miscellaneous | 726,637 | - | 726,637 |
| Regular membership | 939,336 | 57,903 | 997,239 |
| Donations | 581,383 | 74,198 | 655,581 |
| Interest | 810 | - | 810 |
| In-kind revenue | 587,723 | - | 587,723 |
| Merchandise revenue | 231,516 | - | 231,516 |
| Net assets released from restrictions | <u>1,123,561</u> | <u>(1,123,561)</u> | <u>-</u> |
| Total Revenues | <u>5,657,138</u> | <u>(736,580)</u> | <u>4,920,558</u> |
| Expenses | | | |
| Program services | 5,468,885 | - | 5,468,885 |
| Management and general | 311,258 | - | 311,258 |
| Fundraising | <u>613,802</u> | <u>-</u> | <u>613,802</u> |
| Total Expenses | <u>6,393,945</u> | <u>-</u> | <u>6,393,945</u> |
| Change in Net Assets | (736,807) | (736,580) | (1,473,387) |
| Net Assets, Beginning of Year | <u>2,211,895</u> | <u>1,230,028</u> | <u>3,441,923</u> |
| Net Assets, End of Year | <u>\$ 1,475,088</u> | <u>\$ 493,448</u> | <u>\$ 1,968,536</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, 2021**

| | Without Donor Restriction | With Donor Restriction | Total |
|--|--|-----------------------------------|---------------------|
| Support and Revenues | | | |
| 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> |
| Total Revenues | <u>5,589,268</u> | <u>444,419</u> | <u>6,033,687</u> |
| Expenses | | | |
| 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> |
| Total Expenses | <u>5,073,040</u> | <u>-</u> | <u>5,073,040</u> |
| Change in Net Assets | 516,228 | 444,419 | 960,647 |
| Net Assets, Beginning of Year | <u>1,695,667</u> | <u>785,609</u> | <u>2,481,276</u> |
| Net Assets, End of Year | <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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| Salaries | \$ 2,146,366 | \$ 172,930 | \$ 192,160 | \$ 2,511,456 |
| Payroll taxes, benefits | 438,943 | 35,365 | 39,298 | 513,606 |
| Shows and events | 394,542 | - | 23,624 | 418,166 |
| Contract help | 200,152 | 7,200 | - | 207,352 |
| Media | 147,539 | 1,570 | 7,848 | 156,957 |
| Backcountry journal | 283,701 | - | - | 283,701 |
| Membership support | 178,760 | - | - | 178,760 |
| Fees, dues, subscriptions | 110,743 | 24,584 | 22,345 | 157,672 |
| Rent | 60,773 | 5,402 | 1,350 | 67,525 |
| Utilities | 27,726 | 1,333 | 3,333 | 32,392 |
| Website | 84,006 | 988 | 13,836 | 98,830 |
| Travel | 232,240 | 6,277 | 12,554 | 251,071 |
| Printing and postage | 186,726 | 4,104 | 14,364 | 205,194 |
| Supplies | 80,167 | 3,563 | 5,344 | 89,074 |
| Cost of promotions | 274,829 | - | - | 274,829 |
| Insurance | 18,552 | 1,091 | 2,183 | 21,826 |
| Professional services | 20,052 | 40,881 | - | 60,933 |
| Equipment purchased | 23,347 | 1,648 | 2,472 | 27,467 |
| Miscellaneous | 2,488 | 276 | - | 2,764 |
| Staff development | 25,762 | 2,862 | - | 28,624 |
| Grant-subrecipient | 182,120 | - | - | 182,120 |
| Depreciation and amortization | 16,771 | 1,184 | 1,776 | 19,731 |
| In-kind expenses | 331,607 | - | 271,315 | 602,922 |
| Bad debt expense | 973 | - | - | 973 |
| Total Expenses | <u>\$ 5,468,885</u> | <u>\$ 311,258</u> | <u>\$ 613,802</u> | <u>\$ 6,393,945</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 |
| Total Expenses | <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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ (1,473,387) | \$ 960,647 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation and amortization | 19,731 | 15,359 |
| In-kind donations | (587,723) | (261,020) |
| In-kind expenses | 602,922 | 268,598 |
| Change in assets and liabilities: | | |
| Accounts receivable | 10,546 | (12,649) |
| Grants receivable | 872,500 | (797,500) |
| Pledges receivable | (104,251) | 51,165 |
| Prepaid expenses | (17,058) | (8,949) |
| Inventory | (17,408) | (26,298) |
| Intangible assets | - | (350) |
| Right of use asset | (60,296) | - |
| Accounts payable | 53,723 | (51,334) |
| Accrued wages payable | (37,589) | 55,704 |
| Lease liability | 60,296 | - |
| Contract liabilities | 24,788 | (2,825) |
| | <u>(653,206)</u> | <u>190,548</u> |
| Net Cash Flows From Operating Activities | | |
| Cash Flows From Investing Activities: | | |
| Purchases of property and equipment | <u>(10,310)</u> | <u>(45,966)</u> |
| | | |
| Net Cash Flows From Investing Activities | <u>(10,310)</u> | <u>(45,966)</u> |
| | | |
| Net Change in Cash | (663,516) | 144,582 |
| | | |
| Cash - Beginning of Year | <u>2,099,414</u> | <u>1,954,832</u> |
| | | |
| Cash - End of Year | <u>\$ 1,435,898</u> | <u>\$ 2,099,414</u> |

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

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

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, 2022 and 2021

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

Accounting Standards Update

During the year ended December 31, 2022, the Organization adopted FASB Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The effects of ASU 2020-07 have been applied retrospectively as if the ASU had always been in place.

Change in Accounting Principle

In February of 2016, FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Leases (Topic 842): Narrow-Scope Improvements for Lessors; ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates; ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities; and ASU 2021-05, Leases (Topic 842): Lessors - Certain Leases with Variable Leases Payments.

Under Topic 842, a lessee records a lease as a finance or operating lease. A lease is a finance lease if any one of five criteria are met indicating that the lease effectively transfers control of the underlying asset to the lessee. If those five criteria are not met, the lease is classified as an operating lease.

The Organization adopted Topic 842 using the cumulative-effect adjustment with January 1, 2022 as the date of initial adoption. The Company determined that it is impracticable to determine the cumulative effect of applying this change retrospectively because all leases were on a short term basis and had minimal months extending into 2022 and would have had an immaterial impact on the change in net assets for 2021. Therefore, the leases in 2021 follow Topic 840, Leases. As a result of adopting the new standards effective January 1, 2022, the Organization recorded net lease assets and lease liabilities of \$60,296. Since there was no difference between the lease assets and lease liabilities, no adjustment to beginning net assets was necessary. Adoption of the new standard did not materially impact the Organization's change in net assets and had no impact on cash flows.

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.

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

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

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, 2022 and 2021, 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.

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 uncollectable receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. Management estimates the allowance to be \$8,923 and \$11,956, respectively, as of December 31, 2022 and 2021. Bad debts charged to expense were \$973 and \$6,926 during the years ended December 31, 2022 and 2021, 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 \$320,328 and \$318,119 as of December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, respectively, \$85,593 and \$100,792 of contributed goods were included in inventory.

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

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

Property and Equipment

It is the Organization's policy to capitalize property and equipment acquisitions with a cost greater than \$2,500 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.

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, 2022 and 2021.

Compensated Absences

The Organization's compensated absences policy is to payout outstanding accrued vacation upon an employee's separation with the Organization. The balance of accrued vacation at December 31, 2022 and 2021 is \$64,738 and \$57,861, respectively.

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 year ended December 31, 2021, the Organization was the recipient of a loan received under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan, including accrued interest, was forgiven in August 2021. Principle and interest forgiven in the amount of \$429,536 is included in grant revenues in the statements of activities for the years ended December 31, 2021, consistent with FASB ASC 958-605.

Contributed Nonfinancial Goods and Services

During the years ended December 31, 2022 and 2021, the Organization received contributed nonfinancial goods included in inventory, primarily used for auctions or giveaways at fundraising events, of \$587,723 and \$261,020, respectively.

The Organization's policy related to gifts in-kind is to utilize them to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in the normal course of business, the asset will be sold at its estimated fair value as determined by appraisal, specialist, or comparison with market rates, depending on the type of asset.

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.

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

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

Revenue Recognition (Continued)

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.

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.

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.

Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the statements of financial position.

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

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

Leases (Continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise the option.

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>2022</u> | <u>2021</u> |
|--|---------------------|------------------|
| Financial assets at year-end: | | |
| Cash | \$ 1,435,898 | \$ 2,099,414 |
| Receivables | <u>337,098</u> | <u>1,115,893</u> |
| Total financial assets | 1,772,996 | 3,215,307 |
| Less amounts not available for general expenditures within one year: | | |
| Restricted cash on hand | 164,453 | 132,784 |
| Receivables not expected to be received within one year | <u>7,500</u> | <u>45,000</u> |
| Total amounts not available for general expenditures within one year | <u>171,953</u> | <u>177,784</u> |
| Financial assets available for general expenditures within one year | <u>\$ 1,601,043</u> | <u>3,037,523</u> |

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.

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

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

Functional Allocation of Expenses (Continued)

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.

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.

Reclassifications

Certain reclassifications have been made regarding expenses in the prior year in order to align with the current year presentation. These reclassifications had no effect on the previously reported net assets or changes in net assets.

2. Cash and Cash Equivalents

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

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents | | |
| Checking account | \$ 378,827 | \$ 1,081,673 |
| Money market account | 245,826 | 244,659 |
| Chapter checking and savings accounts | <u>811,245</u> | <u>773,082</u> |
| Total Cash and Cash Equivalents | <u>\$ 1,435,898</u> | <u>\$ 2,099,414</u> |

3. Grants and Pledges Receivable

Grants and pledges receivable are as follows at December 31:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|-----------------|------------------|
| Grants receivable | \$ 105,000 | \$ 977,500 |
| Pledges receivable | <u>223,995</u> | <u>119,744</u> |
| Total | 328,995 | 1,097,244 |
| Less: current portion of | | |
| Grants receivable | 97,500 | 932,500 |
| Pledges receivable | <u>223,995</u> | <u>119,744</u> |
| Noncurrent portion of receivables | <u>\$ 7,500</u> | <u>\$ 45,000</u> |

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

3. Grants and Pledges Receivable (Continued)

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

| | | | |
|-------|--|----|---------|
| 2023 | | \$ | 321,495 |
| 2024 | | | 7,500 |
| Total | | \$ | 328,995 |

4. Contracts With Customers

Contract balances with customers include the following:

| | Balance at December 31, 2020 | | Balance at December 31, 2021 | | Balance at December 31, 2022 |
|------------------------------|---------------------------------|----|---------------------------------|----|---------------------------------|
| <i>Business Sponsorships</i> | | | | | |
| Accounts receivable | \$ 6,000 | \$ | - | \$ | 23,500 |
| Contract liabilities | \$ 16,750 | \$ | 13,925 | \$ | 38,713 |

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 \$23,500 and zero have been recorded for performance obligations satisfied but for which payment has not been received as of December 31, 2022 and 2021, respectively. Contract liabilities have been recorded for payments received in advance of the satisfaction of performance obligations.

Receivables related to contracts with customers are expected to be collected within one year of the statement of financial position date.

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

ASC 842 - Leases

During the year ended December 31, 2022, the Organization entered into seven operating lease agreements for office spaces in Missoula, Montana under noncancelable operating leases. All leases are for a term for two years maturing in May 2024. Each lease has an option to renew for two additional years after the expiration of the lease. If the Organization, did not renew but wanted to remain in the leased space, the lease will convert to month to month. The total monthly payment for all leased office spaces as of December 31, 2022 was \$5,075. Total rent expense recognized on these operating leases in the statement of functional expenses was \$67,525 for the year ended December 31, 2022.

The right-of-use asset obtained in exchange for lease obligations is shown on the following page as of December 31:

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

5. Operating Leases (Continued)

| | 2022 |
|------------------------------|-------------|
| Right-of-Use Asset | \$ 60,296 |
| Lease Liability - Short-Term | \$ 42,325 |
| Lease Liability - Long-Term | 17,971 |
| Total Lease Liability | \$ 60,296 |

The weighted average remaining lease term for the operating lease is 17 months as of December 31, 2022. The weighted average risk-free discount rate used is 2.66% as of the lease commencement date. Future minimum lease payments under the non-cancelable operating lease are as follows for the years ended December 31:

| | |
|----------------------------------|-----------|
| 2023 | \$ 43,320 |
| 2024 | 18,050 |
| Total | 61,370 |
| Interest | (1,074) |
| Present value of lease liability | \$ 60,296 |

ASC 840 - Leases

During the year ended December 31, 2021, the Organization leased six office spaces in Missoula, Montana under noncancelable operating leases that matured in May 2022. Total rent expense recognized on these operating leases in the statement of functional expenses was \$55,352 for the year ended December 31, 2021.

6. Net Assets

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

| | 2022 | 2021 |
|---|--------------|--------------|
| Net Assets Without Donor Restriction | | |
| Invested in property and equipment, net of depreciation | \$ 47,679 | \$ 57,100 |
| Inventory | 320,328 | 318,119 |
| Undesignated | 1,107,081 | 1,836,676 |
| Total Net Assets Without Donor Restriction | \$ 1,475,088 | \$ 2,211,895 |
| Net Assets With Donor Restriction | | |
| Receivables subject to time restrictions | \$ 328,995 | \$ 1,097,244 |
| Cash subject to purpose restrictions | 164,453 | 132,784 |
| Total Net Assets With Donor Restriction | 493,448 | 1,230,028 |
| Total Net Assets | \$ 1,968,536 | \$ 3,441,923 |

**BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021**

7. Subsequent Events

Management has evaluated subsequent events through May 23, 2023, the date on which the financial statements were available to be issued.