



**Adventurers and Scientists for Conservation, Inc.  
(dba Adventure Scientists)  
Financial Statements  
with  
Independent Auditors' Report**

**For the Year Ended December 31, 2016**

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**

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**December 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Adventurers and Scientists for Conservation, Inc.  
Bozeman, Montana

We have audited the accompanying financial statements of Adventurers and Scientists for Conservation, Inc. dba Adventure Scientists (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility**

Management is responsible for the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adventurers and Scientists for Conservation, Inc. dba Adventure Scientists, as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Rudd & Company, PLLC*

Bozeman, Montana  
April 6, 2017

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Statement of Financial Position**  
**December 31, 2016**

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**Assets**

Current Assets

Cash and cash equivalents	\$ 394,548
Pledges receivable, current	<u>105,000</u>
Total Current Assets	<u>499,548</u>

Other Assets

Long term restricted cash	243,914
Pledges receivable, long term, net of discount	<u>195,704</u>

Total Assets	<u>\$ 939,166</u>
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**Liabilities and Net Assets**

Current Liabilities

Accounts payable	\$ 37,625
Accrued payroll and payroll taxes	13,280
Related party loan from DRK Foundation	<u>100,000</u>
Total Current Liabilities	<u>150,905</u>

Total Liabilities	<u>150,905</u>
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Net Assets

Unrestricted	(12,737)
Temporarily restricted (See Note 7 on page 11)	<u>800,998</u>

Total Net Assets	<u>788,261</u>
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Total Liabilities and Net Assets	<u>\$ 939,166</u>
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The accompanying notes are an integral part of these statements.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted (See Note 7 on page 11)	Totals
<b>Revenues</b>			
Contributions and pledges	\$ 386,191	\$ 800,998	\$ 1,187,189
Grants	54,000	-	54,000
Sponsorships	46,200	-	46,200
Project management fees	128,735	-	128,735
In-kind contributions	16,337	-	16,337
Total Revenue and Support	631,463	800,998	1,432,461
<b>Net assets released from restrictions</b>	81,144	(81,144)	-
<b>Expenses</b>			
Program services	563,262	-	563,262
Fundraising	113,824	-	113,824
General and administrative	74,747	-	74,747
Total Expenses	751,833	-	751,833
<b>Other Income (Expense)</b>			
Other income	6,472	-	6,472
Loss on disposition of assets	(14,032)	-	(14,032)
Total Other Income (Expense)	(7,560)	-	(7,560)
Change in Net Assets	(46,786)	719,854	673,068
Net Assets, Beginning of Year	34,049	81,144	115,193
Net Assets, End of Year	\$ (12,737)	\$ 800,998	\$ 788,261

The accompanying notes are an integral part of these statements.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Statement of Functional Expense**  
**For the Year Ended December 31, 2016**

	<b>Program Services</b>	<b>Fundraising</b>	<b>General and Administrative</b>	<b>Totals</b>
Computer/tech	\$ 16,861	\$ 717	\$ 9,091	\$ 26,669
Depreciation	1,718	-	-	1,718
Equipment	4,948	79	440	5,467
Fees	370	-	756	1,126
Insurance	8,118	1,425	1,282	10,825
Meetings	7,586	965	805	9,356
Office	269	8	2,210	2,487
Personnel and payroll expenses	374,907	91,570	45,690	512,167
Professional and legal	17,842	390	4,544	22,776
Promotional materials	13,089	1,204	1,084	15,377
Publications/media	11,313	-	370	11,683
Registration/dues	5,770	442	1,473	7,685
Rent	14,046	2,168	1,950	18,164
Shipping	5,965	446	418	6,829
Supplies	14,064	316	873	15,253
Travel	50,218	13,004	2,826	66,048
Utilities	5,891	1,090	928	7,909
Vehicle expense	10,287	-	7	10,294
<b>Total</b>	<b>\$ 563,262</b>	<b>\$ 113,824</b>	<b>\$ 74,747</b>	<b>\$ 751,833</b>

The accompanying notes are an integral part of these statements.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

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**Cash Flows from Operating Activities**

Change in Net Assets	\$ 673,068
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,718
Loss on disposition of assets	14,032
Increase in current assets:	
Pledges receivable	(300,568)
Increase in current liabilities	
Accounts payable	21,847
Accrued liabilities	4,658
	<u>414,755</u>
Net Cash Provided by Operating Activities	<u>414,755</u>

**Cash Flows from Investing Activities**

Purchase of property and equipment	<u>(9,750)</u>
Net Cash Used by Investing Activities	<u>(9,750)</u>

**Cash Flows from Financing Activities**

Loan from DRK Foundation	<u>100,000</u>
Net Cash Provided by Financing Activities	<u>100,000</u>

Net increase in cash and cash equivalents 505,005

Cash and cash equivalents, Beginning of Year 133,457

Cash and cash equivalents, End of Year \$ 638,462

**Supplemental Disclosure of Cash and Non-Cash Flow Information**

Non-cash donations of services and goods \$ 16,337

Cash is comprised of the following:

Cash and cash equivalents	\$ 394,548
Long term restricted cash	243,914
	<u>\$ 638,462</u>

The accompanying notes are an integral part of these statements.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**1. Significant Accounting Policies**

**Organization and Nature of Operations**

Adventurers and Scientists for Conservation, Inc. (the Organization), a Montana nonprofit corporation, dba Adventure Scientists, was formed in 2011. The Organization became a 501(c)3 nonprofit organization in 2014. The Organization equips partners with data collected from the outdoors that are crucial to unlocking solutions to the world's environmental challenges. By leveraging the skills of the outdoor adventure community they are uniquely able to gather difficult-to-obtain data at any scale, in any environment.

**Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America ("GAAP"), as codified by the Financial Accounting Standards Board ("FASB").

Contributions are recorded when received, unless susceptible to accrual, and expenses are recognized when incurred. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

*Unrestricted net assets* - Net assets that are not subject to donor imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization pursuant to the donor's stipulations. Restricted contributions whose restrictions are met in the same reporting period are reflected as unrestricted contributions by the organization.

*Permanently restricted net assets* - Net assets subject to donor imposed stipulations require that they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with an original maturity of less than three months as cash equivalents.

The Organization maintains its cash balances in financial institutions. Balances at December 31, 2016 were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits at December 31, 2016 exceeded the FDIC limit by \$370,856.

As of December 31, 2016, the Organization had \$243,914, which is considered to be restricted cash as the funds are restricted by donors for the Organization's use in future years.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**1. Significant Accounting Policies (continued)**

**Property and Equipment**

The Organization capitalizes property and equipment over \$5,000, and with a useful life in excess of one year. Lesser amounts are expensed. Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation of property is computed using the straight-line method over the estimated useful lives of the assets, which is five years. Normal repair and maintenance costs are expensed as incurred.

**Revenue**

*In-Kind Contributions*

The Organization records various types of in-kind support, including goods and services. GAAP requires recognition of professional services received if those services (a) create or enhanced 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. Contributions of tangible assets are recognized at fair value when received.

*Grants*

Funds awarded for a specific purpose or project and have reporting requirements.

*Contributions and Pledges*

The Organization classifies revenue as contributions and pledges if funds are awarded by a philanthropic organization, private individuals or private funds given through a public foundation or family foundation. These funds may have reporting requirements.

*Sponsorship*

Funds received from corporate partners that support the Organization through philanthropic giving programs.

*Project Management Fees*

Fees earned from partners for project management services.

**Advertising**

The Organization expenses advertising costs as they are incurred.

**Functional Allocation of Expenses**

Most expenses are charged directly to the program, to fundraising, or to the general and administrative based on specific identification; however, some indirect expenses are allocated between program, fundraising, and general and administrative.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**1. Significant Accounting Policies (continued)**

**Income Taxes**

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. The determination of tax exempt status is considered to be a tax position taken with respect to the provisions of GAAP. The Organization's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that the Organization has no uncertain tax positions that would be subject to recognition under these standards. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization's employer identification number is 45-3345338.

**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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events through April 6, 2017, the date on which the financial statements were available to be issued.

**2. Pledges Receivable**

Unconditional pledges to give at December 31, 2016 are as follows:

Unconditional pledges receivable	\$ 305,000
Less: Discounts to net present value	<u>(4,296)</u>
	<u>\$ 300,704</u>
Current	105,000
Long term (to be received in more than one year)	<u>195,704</u>
Total	<u>\$ 300,704</u>

The Organization used the mid-term Applicable Federal Rate (AFR) of 1.46% at December 31, 2016 to calculate the discount.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**3. Related Party Transactions**

A board member of the Organization is also a partner at the Draper Richards Kaplan Foundation (“Foundation”) which granted and loaned the Organization during the year ended December 31, 2016. The Foundation granted \$100,000 and loaned \$100,000 to the Organization.

**4. Loan from DRK Foundation**

During the year ended December 31, 2016, the Organization received a non-interest bearing advance of its final two grant payments from the Foundation. The total advance was \$100,000 and is considered a loan. The loan will be forgiven, in \$50,000 installments as outlined in the grant agreement payment structure, if the Organization meets its metrics and milestones as outlined in the grant agreement. If all metrics and milestones are met, the loan will be forgiven by December 31, 2017.

If the Organization fails to meet its metrics or milestones or default in any other way under the grant agreement, the Organization shall repay the Foundation the advanced funds within 180 days of the written notification by the Foundation of the default of the Organization.

**5. Conditional Promises to Give**

Conditional promises to give as of December 31, 2016 are \$345,000. The donor’s conditions will be met upon the passage of time.

**6. In-Kind Support**

During the year ended December 31, 2016, the Organization recorded in-kind support as follows:

Personnel and payroll expenses	\$	800
Professional and legal		3,005
Promotional materials		8,311
Office		250
Shipping		268
Supplies		3,618
Travel		85
		<hr/>
	\$	16,337

The in-kind support was used for program services, fundraising, and general and administrative purposes.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**7. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes as of December 31, 2016:

Restricted contributions	
To be used in 2017	\$ 256,380
To be used in 2018	243,914
Pledges receivable	
To be received within one year from December 31, 2016	105,000
To be received within two years from December 31, 2016	98,561
To be received within three years from December 31, 2016	97,143
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Total	\$ 800,998

Pledges receivable have been reported as temporarily restricted revenue in the period pledged. When those funds are received, temporarily restricted net assets will be reclassified to unrestricted net assets.

Grant funds received in 2016, restricted for use in future years, have been reported as temporarily restricted revenue in the period received. They will be reclassified from temporarily restricted net assets to unrestricted net assets as they are spent in those future years.

**8. Retirement Plan**

The Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE). According to the plan, the Organization will match each participant's elective salary deferrals, dollar for dollar, up to 3% of each participant's compensation. During the year ended December 31, 2016, the Organization made a matching contribution to the SIMPLE plan of \$5,265.

**9. Leases**

The Organization has a month-to-month operating lease for the office space it occupies with a monthly lease payment of \$1,250. The monthly lease payments are set to increase to \$1,350 per month on April 1, 2017. After October 28, 2018, the monthly lease payments are to be mutually agreed on by the Organization and the lessor.

On May 1, 2016, the Organization entered into an operating lease for research space. The lease requires monthly lease payments of \$425 and terminates on January 31, 2017. The future minimum lease payment for 2017 is \$425.