



**Adventurers and Scientists for Conservation, Inc.**  
**(dba Adventure Scientists)**  
**Financial Statements**  
**with**  
**Independent Auditors' Report**  
  
**For the Year Ended December 31, 2018**

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
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**December 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)  
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, 2018, and the related statements of activities, functional expenses, and cash flows 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, 2018, 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

June 20, 2019

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Statement of Financial Position**  
**As of December 31, 2018**

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**Assets**

Current Assets

Cash and cash equivalents	\$ 871,258
Accounts receivable	21,947
Pledges receivable, current	726,513
Prepaid expenses	9,058
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Total Current Assets	1,628,776
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Other Assets

Pledges receivable, noncurrent	15,000
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Property and Equipment

Vehicle	12,000
Accumulated depreciation	(1,200)
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Net Property and Equipment	10,800
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Total Assets	<u>\$ 1,654,576</u>
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**Liabilities and Net Assets**

Current Liabilities

Accounts payable	\$ 20,223
Accrued payroll and payroll taxes	29,326
Current portion of notes payable - ORV	10,000
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Total Current Liabilities	59,549
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Long-term Debt, Net of Current Portion

Notes payable - ORV	140,000
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Total Liabilities	199,549
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Net Assets

Without donor restrictions	413,543
With donor restrictions (See Note 6 on Page 11)	1,041,484
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Total Net Assets	1,455,027
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Total Liabilities and Net Assets	<u>\$ 1,654,576</u>

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, 2018**

	Without Donor Restrictions	With Donor Restrictions (See Note 6 Page 11)	Totals
<b>Revenues</b>			
Contributions and pledges	\$ 558,390	\$ 900,421	\$ 1,458,811
Grants	10,000	15,000	25,000
Sponsorships	22,676	-	22,676
Project management fees	187,900	-	187,900
In-kind contributions	29,300	-	29,300
Total Revenue and Support	<u>808,266</u>	<u>915,421</u>	<u>1,723,687</u>
<b>Net Assets Released from Restrictions</b>			
Time restrictions	358,914	(358,914)	-
Project restrictions	8,000	(8,000)	-
Total Net Assets Released from Restrictions	<u>366,914</u>	<u>(366,914)</u>	<u>-</u>
<b>Expenses</b>			
Program services	841,447	-	841,447
General and administrative	45,375	-	45,375
Fundraising	179,288	-	179,288
Total Expenses	<u>1,066,110</u>	<u>-</u>	<u>1,066,110</u>
<b>Other Income</b>			
Gain on disposal of assets	2,000	-	2,000
Total Other Income	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Change in Net Assets	111,070	548,507	659,577
Net Assets, Beginning of Year	<u>302,473</u>	<u>492,977</u>	<u>795,450</u>
Net Assets, End of Year	<u>\$ 413,543</u>	<u>\$ 1,041,484</u>	<u>\$ 1,455,027</u>

The accompanying notes are an integral part of these statements.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Totals</b>
Computer/tech	\$ 27,654	\$ 423	\$ 4,563	\$ 32,640
Depreciation	956	34	210	1,200
Equipment	3,141	1	5	3,147
Fees	1,181	45	133	1,359
Insurance	13,240	364	2,223	15,827
Meetings	11,325	522	1,835	13,682
Office	1,458	49	302	1,809
Personnel and payroll expenses	644,073	22,807	140,334	807,214
Professional and legal	929	18,190	201	19,320
Promotional materials	11,498	248	1,773	13,519
Publications/media	30,214	1,257	949	32,420
Registration/dues	20,493	289	6,237	27,019
Rent	14,098	507	3,095	17,700
Shipping	4,602	3	206	4,811
Supplies	6,992	-	22	7,014
Travel	42,216	423	15,720	58,359
Utilities	6,460	180	1,279	7,919
Vehicle expense	917	33	201	1,151
<b>Total</b>	<b>\$ 841,447</b>	<b>\$ 45,375</b>	<b>\$ 179,288</b>	<b>\$ 1,066,110</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, 2018**

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**Cash Flows from Operating Activities**

Change in Net Assets	\$ 659,577
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,200
In-kind contribution of property and equipment	(2,000)
(Increase) decrease in current assets:	
Accounts receivable	1,053
Pledges receivable	(462,600)
Prepaid expenses	(5,949)
Increase (decrease) in current liabilities	
Accounts payable	(20,385)
Accrued payroll and payroll taxes	7,464
Deferred revenue	(59,313)
	<u>119,047</u>
Net Cash Provided by Operating Activities	<u>119,047</u>

**Cash Flows from Investing Activities**

Purchase of property and equipment	<u>(10,000)</u>
Net Cash Used by Investing Activities	<u>(10,000)</u>

**Cash Flows from Financing Activities**

Loan proceeds from ORV	<u>150,000</u>
Net Cash Provided by Financing Activities	<u>150,000</u>
Net Change in Cash and Cash Equivalents	259,047

Cash and Cash Equivalents, Beginning of Year	<u>612,211</u>
Cash and Cash Equivalents, End of Year	<u>\$ 871,258</u>

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

Non-cash donations of services and goods	<u>\$ 29,300</u>
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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, 2018**

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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 2015. 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").

**Classification of Net Assets**

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:

*Net Assets without Donor Restrictions* - Net assets that are not subject to donor imposed stipulations. These net assets are intended for use by management and the Board of Directors for general operations. These net assets also include net assets that have been designated by the Board for certain uses.

*Net Assets with Donor Restrictions* – 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 stipulations. Donor-imposed restrictions are increases in net assets without donor restrictions when restrictions are met in the same reporting period.

This net asset classification also includes net assets subject to donor-imposed stipulations that require 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.

Donor restricted contributions (if any) are reported as an increase to net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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

**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 are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits at December 31, 2018 exceeded the FDIC limit by \$560,433.

**Receivables**

Unconditional pledges are recognized as revenues or gains in the period received. Conditional pledges are recognized when the conditions on which they depend are substantially met. Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Management believes receivables as of December 31, 2018 to be fully collectible; therefore, no allowance for doubtful accounts is presented.

**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.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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

**Revenue (continued)**

*Project Management Fees*

Fees earned from partners for project management services.

**Advertising**

The Organization expenses advertising costs as they are incurred. Advertising expenses are included in promotion materials and publications/media on the statement of functional expenses.

**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. Allocations are based on actual wages by function as a percentage of total wages.

**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.

**Adoption of New Accounting Standard**

The Organization adopted the provisions of Accounting Standard Update 2016-14, *Presentation of Financial Statements of Not-for-Profits Entities*. The adoption does not change any prior reported numbers for net assets or changes in net assets, but rather an increase in disclosure and change of classification of net assets from three categories to two categories, those with donor imposed restrictions and those without donor imposed restrictions. The adoption also requires the statement of functional expenses to be included with the financial statements and an additional disclosure on liquidity and availability of resources.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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

**Subsequent Events**

Management has evaluated subsequent events through June 20, 2019, the date on which the financial statements were available to be issued.

**2. Related Party Transactions**

During the year ended December 31, 2018, the Organization received \$61,667 of related party donations from management, board members and organizations related to board members.

**3. Loan Payable**

As of December 31, 2018, the Organization held a \$150,000 promissory note payable to Open Road Ventures, LLC that bears 1% annual interest. If the Organization has \$270,000 of cash on December 31, 2019, \$10,000 is due on that date and the remaining \$140,000 is due in 2020. If the Organization does not have \$270,000 of cash at December 31, 2019, \$110,000 is due in 2020 and \$40,000 in 2021. As a conservative measure, \$10,000 has been reported as current and due within one year at December 31, 2018.

**4. In-Kind Support**

During the year ended December 31, 2018, the Organization recorded in-kind support as follows:

Professional and legal	\$	2,400
Promotional materials		15,945
Registration/dues		7,800
Vehicle expense		2,000
Travel		1,155
		<hr/>
	\$	29,300

**5. 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, 2018, the Organization made a matching contribution to the SIMPLE plan of \$8,023.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**6. Net Assets with Donor Restrictions**

Net assets of the Organization consist of balances that are restricted to various project commitments based on donor-imposed restrictions. The restricted amounts as of December 31, 2018 are listed as follows:

	<u>2018</u>
Restricted contributions	
To be used in 2019	\$ 294,930
Purpose Restrictions	
Microplastics Project	15,000
Pledges receivable	
To be received in 2019	716,554
To be received in 2020	15,000
	<u>\$ 1,041,484</u>

**7. Leases**

The Organization has an operating lease for the office space it occupies with a monthly lease payment of \$1,350 and a termination date of December 31, 2022. The monthly lease payments are set to increase to \$1,950 per month on January 1, 2019, and to \$2,250 per month on January 1, 2020. The \$2,250 will stay fixed until December 31, 2022. Future minimum lease payments are \$23,400 for 2019 and \$27,000 for each 2020, 2021 and 2022. Total rent expense for the year ended December 31, 2018 was \$17,700.

**8. Liquidity and Availability of Resources**

Financial assets available for general expenses (without donor or other restrictions limiting their use), within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 561,328
Accounts receivable	21,947
Pledges receivable, current	9,959
Prepaid expenses	9,058
Total Financial Assets Available	<u>\$ 602,292</u>

The Organization has not adopted a liquidity management plan for the year ended December 31, 2018. The total financial assets available do not include assets with donor restrictions.

**Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**9. Concentrations**

During the year ended December 31, 2018, approximately 34 percent of the Organization's total revenue and support was contributed by one donor as a two-year grant.

As of December 31, 2018, 81 percent of pledges receivable are due from two donors.