



RUDD & COMPANY PLLC
certified public accountants | business consultants



**Adventurers and Scientists for Conservation, Inc.
(dba Adventure Scientists)
Financial Statements
with
Independent Auditors' Report
For the Year Ended December 31, 2021**

giving direction to your future

Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)
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December 31, 2021

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Financial Statements

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INDEPENDENT AUDITORS' REPORT

Board of Directors

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

Bozeman, Montana

Opinion

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, 2021, and the related statements of activities and cash flows for the year 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 Adventurers and Scientists for Conservation, Inc. dba Adventure Scientists as of December 31, 2021, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Adventurers and Scientists for Conservation, Inc. dba Adventure Scientists 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 Adventurers and Scientists for Conservation, Inc. dba Adventure Scientists' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Adventurers and Scientists for Conservation, Inc. dba Adventure Scientists' 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 Adventurers and Scientists for Conservation, Inc. dba Adventure Scientists' 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

Rudd & Company, PLLC

Bozeman, Montana
August 5, 2022

Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)
Statement of Financial Position
As of December 31, 2021

Assets

Current Assets

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,900,287 |
| Accounts receivable | 69,140 |
| Pledges receivable | 421,385 |
| Prepaid expenses | 7,655 |
| Total Current Assets | <u>2,398,467</u> |

Property and Equipment

| | |
|----------------------------|---------------|
| Vehicles | 12,000 |
| Leasehold improvements | 7,000 |
| Equipment | 20,213 |
| Accumulated depreciation | (16,771) |
| Net Property and Equipment | <u>22,442</u> |

Other Assets

| | |
|--|--------------|
| Software, net of accumulated amortization of \$3,778 | 4,222 |
| Software - Development in-progress | 5,000 |
| Total Other Assets | <u>9,222</u> |

| | |
|--------------|---------------------|
| Total Assets | <u>\$ 2,430,131</u> |
|--------------|---------------------|

Liabilities and Net Assets

Current Liabilities

| | |
|-----------------------------------|---------------|
| Accounts payable | \$ 63,660 |
| Accrued payroll and payroll taxes | 14,705 |
| Total Current Liabilities | <u>78,365</u> |

Net Assets

| | |
|----------------------------------|---------------------|
| Without donor restrictions | 1,721,845 |
| With donor restrictions | 629,921 |
| Total Net Assets | <u>2,351,766</u> |
| Total Liabilities and Net Assets | <u>\$ 2,430,131</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, 2021

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|--|----------------------------------|----------------------------|--------------|
| Revenues | | | |
| Contributions and pledges | \$ 975,736 | \$ 213,604 | \$ 1,189,340 |
| Grants | 26,387 | - | 26,387 |
| Sponsorships | 98,722 | 25,000 | 123,722 |
| Project management fees | 289,377 | - | 289,377 |
| In-kind contributions | 44,305 | - | 44,305 |
| Total Revenue and Support | 1,434,527 | 238,604 | 1,673,131 |
| Net Assets Released from Restrictions | | | |
| Time restrictions | 166,300 | (166,300) | - |
| Project restrictions | 40,000 | (40,000) | - |
| Total Net Assets Released from Restrictions | 206,300 | (206,300) | - |
| Expenses | | | |
| Program services | 1,281,198 | - | 1,281,198 |
| General and administrative | 118,939 | - | 118,939 |
| Fundraising | 243,322 | - | 243,322 |
| Total Expenses | 1,643,459 | - | 1,643,459 |
| Other Income | | | |
| Paycheck Protection Program loan forgiveness | 133,502 | - | 133,502 |
| Other income | 64 | - | 64 |
| Investment income | 178 | - | 178 |
| Total Other Income | 133,744 | - | 133,744 |
| Change in Net Assets | 131,112 | 32,304 | 163,416 |
| Net Assets, Beginning of Year | 1,682,050 | 506,300 | 2,188,350 |
| Prior Period Adjustment (see note 12) | (91,317) | 91,317 | - |
| Net Assets, Beginning of Year restated | 1,590,733 | 597,617 | 2,188,350 |
| Net Assets, End of Year | \$ 1,721,845 | \$ 629,921 | \$ 2,351,766 |

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, 2021

| | Program Services | General and Administrative | Fundraising | Totals |
|--------------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| Computer/tech | \$ 47,550 | \$ 2,282 | \$ 14,773 | \$ 64,605 |
| Depreciation and amortization | 7,342 | 1,288 | 2,190 | 10,820 |
| Equipment | 47,167 | 3 | 1,951 | 49,121 |
| Fees | 735 | 128 | 967 | 1,830 |
| Insurance | 6,178 | 1,084 | 1,842 | 9,104 |
| In-kind | 30,065 | 5,274 | 8,966 | 44,305 |
| Meetings | 1,947 | 162 | 1,043 | 3,152 |
| Office | 7,350 | 760 | 1,368 | 9,478 |
| Personnel and payroll expenses | 887,693 | 78,483 | 134,057 | 1,100,233 |
| Professional and legal | 43,851 | 7,692 | 13,076 | 64,619 |
| Promotional materials | 7,172 | 226 | 1,258 | 8,656 |
| Publications/media | 31,495 | 3,272 | 9,385 | 44,152 |
| Registration/dues | 6,598 | 425 | 2,368 | 9,391 |
| Rent | 38,063 | 6,677 | 11,350 | 56,090 |
| Shipping | 25,837 | 258 | 762 | 26,857 |
| Supplies | 2,990 | - | 240 | 3,230 |
| Staff development | 50,417 | 8,624 | 24,464 | 83,505 |
| Travel | 30,746 | 897 | 10,840 | 42,483 |
| Utilities | 7,551 | 1,325 | 2,272 | 11,148 |
| Vehicle expense | 451 | 79 | 150 | 680 |
| Total | <u>\$ 1,281,198</u> | <u>\$ 118,939</u> | <u>\$ 243,322</u> | <u>\$ 1,643,459</u> |

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, 2021

Cash Flows from Operating Activities

| | |
|---|----------------|
| Change in Net Assets | \$ 163,416 |
| Adjustment to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation and amortization | 10,820 |
| Paycheck Protection Program loan forgiveness | (133,502) |
| (Increase) decrease in current assets: | |
| Accounts receivable | (46,776) |
| Pledges receivable | 306,940 |
| Prepaid expenses | (3,030) |
| Increase (decrease) in current liabilities: | |
| Accounts payable | 16,172 |
| Accrued payroll and payroll taxes | (7,648) |
| Net Cash Provided by Operating Activities | <u>306,392</u> |

Cash Flows from Investing Activities

| | |
|---------------------------------------|----------------|
| Purchase of software | <u>(5,000)</u> |
| Net Cash Used by Investing Activities | <u>(5,000)</u> |

Cash Flows from Financing Activities

| | |
|---|----------------|
| Payments on ORV loan | (100,463) |
| Proceeds from Paycheck Protection Loan | <u>133,502</u> |
| Net Cash Provided by Financing Activities | <u>33,039</u> |

Net Change in Cash and Cash Equivalents 334,431

Cash and Cash Equivalents, Beginning of Year 1,565,856

Cash and Cash Equivalents, End of Year \$ 1,900,287

Noncash Financing Activity

| | |
|--|------------|
| Paycheck Protection Program loan forgiveness | \$ 133,502 |
|--|------------|

Supplemental Disclosure of Cash and Non-Cash Flow Information

| | |
|--|-----------|
| Non-cash donations of goods and services | \$ 44,305 |
|--|-----------|

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, 2021

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, 2021

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, 2021 exceeded the FDIC limit by \$437,647.

The Organization maintains its money market balances in a financial institution. Balances are insured by the SIPC up to \$500,000. Money market funds at December 31, 2021 exceeded the SIPC limit by \$664,342.

Receivables

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, 2021 to be fully collectible; therefore, no allowance for doubtful accounts is presented. As of December 31, 2021, 89 percent of pledges receivable are due from four donors. Accounts receivables related to service revenue at December 31, 2021 and 2020 were \$69,140 and \$22,364, respectively.

Property, Equipment and Software

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

| | |
|------------------------|-----------|
| Leasehold improvements | 5 years |
| Equipment | 3-5 years |
| Vehicles | 3-5 years |
| Software | 3-5 years |

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.

Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. Significant Accounting Policies (continued)

Revenue (continued)

Grants

The Organization receives grants from public agencies, as well as private organizations and individuals, to be used for specific programs or purposes, which may include general operations. Unconditional grant awards are recorded as grant revenue in the period in which they are awarded. Grants having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provided, are classified as restricted grant revenue until the conditions are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended for the purposes of the grant or other conditions are satisfied.

Contributions and Pledges

Contributions are recognized when the donor makes a promise to give to Adventure Scientists that is, in substance, unconditional. Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. Contributions of donor-restricted gifts are recognized at the time of the gift. Contributions restricted for long-term stewardship of conservation properties are generally not property-specific.

The gifts are reported as either net assets without donor restrictions or net assets with donor restrictions if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Sponsorship

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

Project Management Fees

The Organization receives project management fee revenue for services provided or work performed for other organizations. Revenue is billed on a reimbursement basis, and recognized as reimbursable expenses are incurred. All funds are considered to be without donor restriction as the expenses have already been incurred.

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.

Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. Significant Accounting Policies (continued)

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.

Subsequent Events

Management has evaluated subsequent events through August 5, 2022, the date on which the financial statements were available to be issued.

2. Related Party Transactions

During the year ended December 31, 2021, the Organization received \$271,800 of related party donations from management, board members and organizations related to board members. All donations were conducted on terms equivalent to arms-length transactions.

3. 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, 2021, the Organization made a matching contribution to the SIMPLE plan of \$18,159.

Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)
Notes to the Financial Statements
For the Year Ended December 31, 2021

4. In-Kind Support

During the year ended December 31, 2021, the Organization recorded in-kind support as follows:

| | |
|------------------------|------------------|
| Professional and legal | \$ 1,820 |
| Promotional materials | 27,490 |
| Registration/dues | <u>14,995</u> |
| | <u>\$ 44,305</u> |

5. 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, 2021 are listed as follows:

| | |
|-----------------------------|-------------------|
| Purpose Restrictions | |
| Black Walnut Timber project | \$ 15,437 |
| Project creation | 38,584 |
| Seed fund | 156,039 |
| Project Platform | 69,861 |
| Pledges receivable | |
| To be received in 2022 | <u>350,000</u> |
| | <u>\$ 629,921</u> |

6. Leases

On July 1, 2019, Adventure Scientists entered into a 60-month triple net operating lease agreement for office space that expires June 30, 2024. The monthly lease payment has a base rate of \$3,391 and increases 3% annually. Total rent expense for this lease for the year ended December 31, 2021 was \$45,672.

Future minimum lease payments on this office facility and storage are as follows:

| | |
|------|-------------------|
| 2022 | \$ 43,824 |
| 2023 | 45,138 |
| 2024 | <u>46,494</u> |
| | <u>\$ 135,456</u> |

Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)
Notes to the Financial Statements
For the Year Ended December 31, 2021

7. Debt

In December 2018, the Organization obtained a \$150,000 uncollateralized 1% loan that matured on December 15, 2021. During 2021, the Organization paid off the loan in-full and \$463 of interest.

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 | \$ 1,900,287 |
| Accounts receivable | 69,140 |
| Pledges receivable | 421,385 |
| Less: net assets with donor restrictions | <u>(629,921)</u> |
| Total Financial Assets Available | <u>\$ 1,760,891</u> |

The Organization is substantially supported by contribution and contract revenue. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and receivables. The Organization strives to maintain three to six months of operating costs in reserves. This allows the Organization to appropriately respond to emergency or unforeseen situations. Furthermore, reserve funds allow the Organization to maintain needed cash flow through the fiscal year.

9. Coronavirus Pandemic

The Organization has been impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of the issuance of these financial statements, the full impact to the Organization's net assets position is not known.

Adventurers and Scientists for Conservation, Inc. (dba Adventure Scientists)
Notes to the Financial Statements
For the Year Ended December 31, 2021

10. Paycheck Protection Loan

The Organization applied for and was granted a \$133,502 loan under the Payroll Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The Organization initially recorded the loan as a refundable advance and subsequently recognized other revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization recognized \$133,502 as other income for the year ended December 31, 2021.

11. Upcoming Accounting Pronouncements

The FASB issued Accounting Standard Update (ASU) 2016-02: Leases, Topic 842, in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a “right-to-use” asset and a lease liability. This ASU is effective for periods beginning after December 15, 2021. Early implementation is permitted; however, the Organization elected not to early implement and is evaluating the impact to its financial statements upon implementation.

12. Prior Period Adjustment

Net assets with donor restrictions at the beginning of 2021 has been adjusted for a restricted donation that was not recorded as restricted by the Organization in prior year. The correction has no effect on the results of the current year’s activities; however, the cumulative effect increases beginning net assets, with donor restrictions for 2021 by \$91,317. Had the error not occurred, the change in net assets, with donor restrictions for 2020 would have been increased by \$91,317.