



BACKCOUNTRY HUNTERS & ANGLERS

(A NONPROFIT ORGANIZATION)

**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019**

BACKCOUNTRY HUNTERS & ANGLERS

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INDEPENDENT AUDITORS' REPORT

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

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 Backcountry Hunters & Anglers, as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Backcountry Hunters & Anglers has adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) during the current year. Our opinion is not modified with respect to that matter.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana
May 5, 2021

BACKCOUNTRY HUNTERS & ANGLERS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,954,832	\$ 1,117,768
Accounts receivable	6,000	-
Grants receivable-current	157,500	390,000
Pledges receivable	170,909	84,332
Inventory	299,399	145,100
Prepaid expenses	24,207	10,000
Total Current Assets	<u>2,612,847</u>	<u>1,747,200</u>
Property and Equipment		
Office furniture and equipment	57,434	53,545
Website	9,579	9,579
Trademarks	4,986	4,338
Accumulated depreciation and amortization	(40,520)	(31,868)
Total Property and Equipment	<u>31,479</u>	<u>35,594</u>
Other Assets		
Grants receivable-noncurrent	22,500	-
Total Assets	<u><u>\$ 2,666,826</u></u>	<u><u>\$ 1,782,794</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 122,177	\$ 108,168
Accrued wages	46,623	52,798
Contract liabilities	16,750	-
Total Current Liabilities	<u>185,550</u>	<u>160,966</u>
Net Assets		
Without Donor Restriction	1,695,667	739,414
With Donor Restriction	785,609	882,414
Total Net Assets	<u>2,481,276</u>	<u>1,621,828</u>
Total Liabilities and Net Assets	<u><u>\$ 2,666,826</u></u>	<u><u>\$ 1,782,794</u></u>

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

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

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
Grant revenues	\$ 1,293,057	\$ 614,700	\$ 1,907,757
Business sponsors	288,360	31,000	319,360
Events and miscellaneous	533,700	-	533,700
Regular membership	1,050,787	59,820	1,110,607
Donations	553,207	37,448	590,655
Interest	83	-	83
In-kind revenue	280,208	-	280,208
Merchandise revenue	333,668	-	333,668
Net assets released from restrictions	<u>839,773</u>	<u>(839,773)</u>	<u>-</u>
Total Revenues	<u>5,172,843</u>	<u>(96,805)</u>	<u>5,076,038</u>
Expenses			
Program services	3,791,431	-	3,791,431
Management and general	176,075	-	176,075
Fundraising	<u>244,209</u>	<u>-</u>	<u>244,209</u>
Total Expenses	<u>4,211,715</u>	<u>-</u>	<u>4,211,715</u>
Change in Net Assets	961,128	(96,805)	864,323
Net Assets, Beginning of Year			
As previously stated	739,414	882,414	1,621,828
Cumulative Effect of Change in Accounting Principle	<u>(4,875)</u>	<u>-</u>	<u>(4,875)</u>
As Restated	<u>734,539</u>	<u>882,414</u>	<u>1,616,953</u>
Net Assets, End of Year	<u><u>\$ 1,695,667</u></u>	<u><u>\$ 785,609</u></u>	<u><u>\$ 2,481,276</u></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, 2019

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
Grant revenues	\$ 1,218,011	\$ 758,082	\$ 1,976,093
Business sponsors	273,510	-	273,510
Events and miscellaneous	918,133	-	918,133
Regular membership	1,035,807	50,129	1,085,936
Donations	355,419	14,505	369,924
Interest	143	-	143
In-kind revenue	48,892	-	48,892
Merchandise revenue	447,980	-	447,980
Net assets released from restrictions	<u>932,569</u>	<u>(932,569)</u>	<u>(932,569)</u>
Total Revenues	<u>5,230,464</u>	<u>(109,853)</u>	<u>5,120,611</u>
Expenses			
Program services	4,415,181	-	4,415,181
Management and general	112,085	-	112,085
Fundraising	<u>209,063</u>	<u>-</u>	<u>209,063</u>
Total Expenses	<u>4,736,329</u>	<u>-</u>	<u>4,736,329</u>
Change in Net Assets	494,135	(109,853)	384,282
Net Assets, Beginning of Year	<u>245,279</u>	<u>992,267</u>	<u>1,237,546</u>
Net Assets, End of Year	<u><u>\$ 739,414</u></u>	<u><u>\$ 882,414</u></u>	<u><u>\$ 1,621,828</u></u>

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

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

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,577,725	\$ 78,688	\$ 92,690	\$ 1,749,103
Payroll taxes, benefits	390,243	19,463	22,926	432,632
Shows and events	143,393	-	6,802	150,195
Contract help	24,219	585	-	24,804
Media	225,301	2,397	11,984	239,682
Backcountry journal	219,781	-	-	219,781
Membership support	141,219	-	-	141,219
Fees, dues, subscriptions	106,845	2,888	5,775	115,508
Rent	48,526	1,311	2,623	52,460
Utilities	24,569	663	1,328	26,560
Website	75,544	900	13,490	89,934
Travel	56,033	1,514	3,029	60,576
Printing and postage	241,272	2,566	12,834	256,672
Supplies	11,958	321	646	12,925
Cost of promotions	183,786	-	7,658	191,444
Insurance	19,070	515	1,031	20,616
Professional services	109,618	63,771	-	173,389
Miscellaneous	5,631	153	304	6,088
Staff development	1,839	75	415	2,329
Grant-subrecipient	45,356	-	-	45,356
Rewards	3,000	-	-	3,000
Depreciation and amortization	9,816	265	531	10,612
In-kind expenses	111,695	-	60,143	171,838
Bad debt expense	14,992	-	-	14,992
Total Expenses	<u><u>\$ 3,791,431</u></u>	<u><u>\$ 176,075</u></u>	<u><u>\$ 244,209</u></u>	<u><u>\$ 4,211,715</u></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, 2019**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,692,845	\$ 66,254	\$ 97,238	\$ 1,856,337
Payroll taxes, benefits	349,646	13,680	20,084	383,410
Shows and events	456,290	-	22,986	479,276
Meetings	9,913	106	527	10,546
Contract help	76,939	735	1,261	78,935
Media	241,371	2,463	2,463	246,297
Backcountry journal	181,834	-	-	181,834
Membership support	195,889	-	-	195,889
Fees, dues, subscriptions	94,522	1,005	5,028	100,555
Rent	45,767	487	2,434	48,688
Utilities	23,959	255	1,274	25,488
Website	60,037	674	6,746	67,457
Travel	312,654	3,326	16,631	332,611
Printing and postage	227,676	2,423	12,110	242,209
Supplies	31,228	325	976	32,529
Cost of promotions	297,695	-	-	297,695
Insurance	6,905	74	367	7,346
Professional services	24,346	20,008	-	44,354
Miscellaneous	8,384	89	446	8,919
Staff development	7,210	76	384	7,670
Grant-subrecipient	7,827	-	-	7,827
Rewards	3,983	-	-	3,983
Depreciation and amortization	9,918	105	528	10,551
In-kind expenses	31,312	-	17,580	48,892
Bad debt expense	17,031	-	-	17,031
Total Expenses	<u><u>\$ 4,415,181</u></u>	<u><u>\$ 112,085</u></u>	<u><u>\$ 209,063</u></u>	<u><u>\$ 4,736,329</u></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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 864,323	\$ 384,282
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	10,612	10,551
In-kind donations	(280,208)	(48,892)
In-kind expenses	171,838	48,892
Change in assets and liabilities:		
Accounts receivable	(6,000)	-
Grants receivable	210,000	(222,200)
Pledges receivable	(86,577)	46,398
Prepaid expenses	(14,207)	(1,000)
Inventory	(45,929)	(75,911)
Intangible assets	(648)	(1,638)
Accounts payable	14,009	27,387
Accrued wages payable	(6,175)	6,082
Contract liabilities	<u>11,875</u>	<u>-</u>
Net Cash Flows From Operating Activities	<u>842,913</u>	<u>173,951</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	<u>(5,849)</u>	<u>(8,050)</u>
Net Cash Flows From Investing Activities	<u>(5,849)</u>	<u>(8,050)</u>
Net Change in Cash	837,064	165,901
Cash - Beginning of Year	<u>1,117,768</u>	<u>951,867</u>
Cash - End of Year	<u><u>\$ 1,954,832</u></u>	<u><u>\$ 1,117,768</u></u>
Supplemental Cash Flow Information		
In-kind donations held in inventory	<u><u>\$ 108,370</u></u>	<u><u>\$ -</u></u>

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

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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, 2020 and 2019

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

Accounting Standards Update

During the year ended December 31, 2020, the Organization adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), including the subsequent revisions. The Organization has elected to adopt Topic 606 using the modified retrospective method, whereby the cumulative effect of initially adopting the guidance was recognized as an adjustment to the opening balance of net assets at January 1, 2020. The details and the significant changes and quantitative impacts of the changes are discussed below (see Revenue Recognition).

Classification of Net Assets

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

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

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

Restricted and Unrestricted Support

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

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

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

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Cash and Cash Equivalents

At December 31, 2020 and 2019, 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.

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>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 1,954,832	\$ 1,117,768
Receivables	<u>356,909</u>	<u>474,332</u>
Total financial assets	2,311,741	1,592,100
Less amounts not available for general expenditures within one year:		
Restricted cash on hand	434,700	408,082
Receivables not expected to be received within one year	<u>22,500</u>	<u>-</u>
Total amounts not available for general expenditures within one year	<u>457,200</u>	<u>408,082</u>
Financial assets available for general expenditures within one year	<u><u>\$ 1,854,541</u></u>	<u><u>1,184,018</u></u>

Grants and Pledges Receivable

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

Allowance for Doubtful Accounts

The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. Management estimates the allowance to be \$10,222 and \$9,402, respectively, as of December 31, 2020 and 2019. Bad debts charged to expense were \$14,992 and \$17,031 during the years ended December 31, 2020 and 2019, respectively.

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

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 \$299,399 and \$145,100 as of December 31, 2020 and 2019, respectively. As of December 31, 2020, \$108,370 of contributed goods were included in inventory.

Property and Equipment

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

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, 2020 and 2019.

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, 2020, the Organization was the recipient of a loan received under the Paycheck Protection Program administered by the U.S. Small Business Administration. This loan, including accrued interest, was forgiven in November 2020. Principle and interest forgiven in the amount of \$441,496 are included in grant revenues in the statement of activity for the year ended December 31, 2020 consistent with FASB ASC 958-605.

Contributed Goods and Services

Many individuals and organization's make in-kind donations or volunteer their services to the Organization. Accounting principles generally accepted in the United States of America require recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended December 31, 2020 and 2019, the Organization recognized in-kind revenue of \$280,208 and \$48,892, respectively. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

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

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

Revenue Recognition

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

For transactions that qualify to be accounted for as contributions under the applicable guidance, revenue is recognized upon notification of the award or contribution or upon satisfaction of applicable conditions. Conditional contributions are not recognized until the conditions on which they depend are substantially met. Contributions qualifying as unconditional contributions are recognized as *without donor restriction* only to the extent of actual expenses incurred in compliance with donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as *net assets with donor restriction* in the accompanying financial statements. Accounts included in the statements of activities accounted for entirely as contributions include grants, events, memberships, and donation revenue. Membership dues are accounted for entirely as contributions, as members receive no substantial benefits. Business sponsorships include both contribution and exchange elements, discussed further below.

As discussed above, the Organization has adopted FASB ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606"). 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 has analyzed the provisions of Topic 606 and has concluded that no changes are necessary to conform with the new standard as it relates to merchandise sales. The Organization operates a website where customers can purchase a selection of products. Revenue is recognized at a point in time when control of merchandise purchased transfers. Transfer of control of merchandise occurs when online orders are shipped from the Organization's distribution warehouse.
- *Business Sponsors:* As noted above, income from business sponsors includes both contribution and exchange elements. As part of its contracts with business sponsors, the Organization may be required to satisfy performance obligations in return for a portion of the payment received from its business sponsors. The transaction price is allocated based on performance obligations that are distinct and separate and is estimated based on the fair market value of the distinct performance obligations. Performance obligations related to contracts with business sponsors are generally satisfied at a point in time. The portion of the payment from business sponsors in excess of the transaction price related to performance obligations is accounted for as contribution income.

Use of Estimates

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

BACKCOUNTRY HUNTERS & ANGLERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

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. Certain administrative and other costs have been allocated among the programs based on specific identification or based on estimates of the expenses incurred. The primary activity groups and their related purposes are summarized as follows:

Administrative Expenses - Expenses which allow the Organization to operate and provide program services, but are not directly attributable to the program services.

Program Services - Expenses which are associated with activities directly related to the Organization's exempt purpose.

Fundraising Expenses - Provides for supplies and services for special events and activities designed to create public awareness and support for the Organization's mission.

The financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include:

<u>Expense</u>	<u>Method of Allocation</u>
Backcountry Journal	Purpose
Contract help	Time and effort
Costs of promotion	Purpose
Depreciation	Location and purpose
Fees, dues, subscriptions	Purpose
Grant - Subrecipient	Purpose
Miscellaneous	Purpose
Payroll taxes, benefits	Time and effort
Printing and postage	Purpose
Professional services	Time and effort
Rent	Location and purpose
Rewards	Purpose
Salaries	Time and effort
Shows and events	Location and purpose
Staff development	Purpose
Supplies	Purpose
Travel	Location and purpose
Utilities	Purpose
Website	Purpose

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.

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2. Cash and Cash Equivalents

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

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents		
Checking account	\$ 1,066,961	\$ 521,737
Money market account	240,759	237,102
Chapter checking and savings accounts	<u>647,112</u>	<u>358,929</u>
 Total Cash and Cash Equivalents	 <u><u>\$ 1,954,832</u></u>	 <u><u>\$ 1,117,768</u></u>

3. Grants and Pledges Receivable

Grants and pledges receivable are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Grants receivable	\$ 180,000	\$ 390,000
Pledges receivable	<u>170,909</u>	<u>84,332</u>
Total	350,909	474,332
 Less: current portion of		
Grants receivable	157,500	390,000
Pledges receivable	<u>170,909</u>	<u>84,332</u>
 Noncurrent portion of receivables	 <u><u>\$ 22,500</u></u>	 <u><u>\$ -</u></u>

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

2021	\$ 328,409
2022	7,500
2023	7,500
2024	<u>7,500</u>
 Total	 <u><u>\$ 350,909</u></u>

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4. Contracts With Customers

Contract balances with customers include the following:

	Balance at January 1, 2019	Balance at December 31, 2019	Balance at December 31, 2020
<i>Business Sponsorships</i>			
Accounts receivable	\$ -	\$ -	\$ 6,000
Contract liabilities	-	-	16,750

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 have been recorded for performance obligations satisfied but for which payment has not been received. 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

During the years ended December 31, 2020 and 2019, the Organization leased six office spaces in Missoula, Montana under noncancelable operating leases. Monthly payment amounts for each office space as of December 31, 2020 were \$275, \$290, \$725, \$850, \$1,050, and \$1,075.

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

Total rent expense for office space amounted to \$52,460 and \$48,688 for the years ended December 31, 2020 and 2019, respectively. The required future minimum lease payments under noncancelable leases is as follows for the years ended December 31:

2021	\$ 51,180
2022	<u>21,325</u>
Total future minimum lease payments	<u><u>\$ 72,505</u></u>

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6. Net Assets

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

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restriction		
Invested in property and equipment, net of depreciation	26,493	31,256
Inventory	299,399	145,100
Undesignated	<u>1,369,775</u>	<u>563,058</u>
Total Net Assets Without Donor Restriction	<u>1,695,667</u>	<u>739,414</u>
Net Assets With Donor Restriction		
Receivables subject to time restrictions	350,909	474,332
Cash subject to purpose restrictions	<u>434,700</u>	<u>408,082</u>
Total Net Assets With Donor Restriction	<u>785,609</u>	<u>882,414</u>
Total Net Assets	<u><u>\$ 2,481,276</u></u>	<u><u>\$ 1,621,828</u></u>

7. Subsequent Events

Management has evaluated subsequent events through May 5, 2021, the date on which the financial statements were available to be issued.

Subsequent to December 31, 2020, the Organization was the recipient of a Small Business Administration second draw Paycheck Protection Program loan in the amount of \$427,125. The Organization expects the loan to be fully forgiven under the terms of the program during 2021.