

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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Independent Auditors' Report

Board of Directors
American Mountain Guides Association, Inc.
Boulder, Colorado

Opinion

We have audited the accompanying financial statements of American Mountain Guides Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Mountain Guides Association, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Mountain Guides Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Mountain Guides Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Mountain Guides Association, Inc.'s 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 American Mountain Guides Association, Inc.'s 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.

The Adams Group, LLC

Greenwood Village, Colorado
September 23, 2024

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION

December 31,	2023	2022
<u>Assets</u>		
Cash and cash equivalents	\$ 1,524,614	\$ 1,024,811
Investments	631,819	502,001
Promises to give	10,500	32,000
Inventory	30,132	45,808
Prepaid expenses	36,331	27,774
Deposits	0	18,478
Total current assets	<u>2,233,396</u>	<u>1,650,872</u>
Deposits	4,341	0
Right-of-use assets, net	40,274	11,176
Total noncurrent assets	<u>44,615</u>	<u>11,176</u>
Total Assets	<u><u>\$ 2,278,011</u></u>	<u><u>\$ 1,662,048</u></u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 39,799	\$ 30,415
Accrued liabilities	68,173	70,970
Accrued interest payable	5,133	8,847
Deferred revenue, current portion	711,652	578,939
Operating lease liabilities, current portion	33,430	12,318
Total current liabilities	<u>858,187</u>	<u>701,489</u>
Deferred revenue, net of current portion	38,283	27,672
Operating lease liabilities, net of current portion	7,131	0
Economic Injury Disaster Loan payable	150,000	150,000
Total long-term liabilities	<u>195,414</u>	<u>177,672</u>
Total liabilities	<u>1,053,601</u>	<u>879,161</u>
<u>Net Assets</u>		
Without donor restrictions		
Undesignated (deficit)	175,836	(158,370)
Board designated	634,793	551,057
With donor restrictions	413,781	390,200
Total net assets	<u>1,224,410</u>	<u>782,887</u>
Total Liabilities and Net Assets	<u><u>\$ 2,278,011</u></u>	<u><u>\$ 1,662,048</u></u>

The accompanying notes are an integral part of these financial statements

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31,

2023

	Without Donor Restriction	With Donor Restriction	Total
<u>Revenues</u>			
Course fees, net	\$ 2,372,957	\$ 0	\$ 2,372,957
Membership dues	502,207	0	502,207
Contribution of cash and other financial resources	303,025	162,513	465,538
Nonfinancial contributions and transactions	135,713	0	135,713
Special events, net of expenses of \$7,589	(4,764)	0	(4,764)
Merchandise sales, net of cost of goods sold of \$3,427	8,891	0	8,891
Net investment income	95,564	49,859	145,423
Other income/(loss)	(3,500)	0	(3,500)
Net assets released from restrictions	188,791	(188,791)	0
Total revenues	3,598,884	23,581	3,622,465
<u>Expenses</u>			
Program services	2,579,529		2,579,529
Supporting services			
General and administrative	464,885		464,885
Fundraising	136,528		136,528
Total supporting services	601,413		601,413
Total expenses	3,180,942		3,180,942
Changes in net assets	417,942	23,581	441,523
Net assets, beginning of year	392,687	390,200	782,887
Net assets, end of year	\$ 810,629	\$ 413,781	\$ 1,224,410

The accompanying notes are an integral part of these financial statements

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31,

2022

	Without Donor Restriction	With Donor Restriction	Total
<u>Revenues</u>			
Course fees, net	\$ 1,658,831	\$ 0	\$ 1,658,831
Membership dues	427,517	0	427,517
Contribution of cash and other financial resources	349,776	22,119	371,895
Nonfinancial contributions and transactions	191,244	0	191,244
Special events, net of expenses of \$24,697	(3,594)	0	(3,594)
Merchandise sales, net of cost of goods sold of \$4,788	10,633	0	10,633
Net investment income/(loss)	(59,818)	(43,102)	(102,920)
Other income	4,393	0	4,393
Net assets released from restrictions	35,143	(35,143)	0
	<u>2,614,125</u>	<u>(56,126)</u>	<u>2,557,999</u>
<u>Expenses</u>			
Program services	<u>2,559,086</u>		<u>2,559,086</u>
Supporting services			
General and administrative	446,835		446,835
Fundraising	188,519		188,519
Total supporting services	<u>635,354</u>		<u>635,354</u>
	<u>3,194,440</u>		<u>3,194,440</u>
Changes in net assets	(580,315)	(56,126)	(636,441)
Net assets, beginning of year	<u>973,002</u>	<u>446,326</u>	<u>1,419,328</u>
Net assets, end of year	<u>\$ 392,687</u>	<u>\$ 390,200</u>	<u>\$ 782,887</u>

The accompanying notes are an integral part of these financial statements

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2023

		Supporting Services			
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expense
Salaries and wages	\$ 1,461,083	\$ 132,381	\$ 92,392	\$ 224,773	\$ 1,685,856
Payroll taxes and benefits	193,304	20,712	16,108	36,820	230,124
Occupancy	52,165	20,064	8,025	28,089	80,254
Bank and credit card fees	21,977	52,707	3,663	56,370	78,347
Board expenses	2,386	596	0	596	2,982
Dues and subscriptions	11,459	35,008	0	35,008	46,467
Insurance	104,894	46,338	0	46,338	151,232
Telephone	961	7,688	961	8,649	9,610
Program and course expenses	544,146	11,690	11,690	23,380	567,526
Licenses and permits	33,998	3,778	0	3,778	37,776
Supplies	1,644	2,151	422	2,573	4,217
Postage and shipping	1,639	3,278	546	3,824	5,463
Professional fees	85,429	113,555	0	113,555	198,984
Consulting and computer support	7,866	1,475	491	1,966	9,832
Partner programs	38,638	0	0	0	38,638
Miscellaneous expenses	100	7,256	0	7,256	7,356
Interest	0	3,978	0	3,978	3,978
Advertising	17,840	2,230	2,230	4,460	22,300
Total expenses	<u>\$ 2,579,529</u>	<u>\$ 464,885</u>	<u>\$ 136,528</u>	<u>\$ 601,413</u>	<u>\$ 3,180,942</u>

The accompanying notes are an integral part of these financial statements

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2022

	Program Services	Supporting Services			Total Expense
		General and Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 1,380,846	\$ 110,196	\$ 140,877	\$ 251,073	\$ 1,631,919
Payroll taxes and benefits	215,202	23,058	17,933	40,991	256,193
Occupancy	51,292	19,728	7,891	27,619	78,911
Bank and credit card fees	18,432	45,852	3,072	48,924	67,356
Board expenses	8,510	2,128	0	2,128	10,638
Dues and subscriptions	6,797	18,743	0	18,743	25,540
Insurance	90,986	40,269	0	40,269	131,255
Telephone	710	5,679	710	6,389	7,099
Program and course expenses	550,458	13,651	13,650	27,301	577,759
Licenses and permits	26,699	2,966	0	2,966	29,665
Supplies	6,308	5,537	1,315	6,852	13,160
Postage and shipping	2,824	5,648	941	6,589	9,413
Professional fees	146,009	121,286	0	121,286	267,295
Consulting and computer support	12,691	2,380	793	3,173	15,864
Partner programs	30,628	0	0	0	30,628
Miscellaneous expenses	0	12,607	0	12,607	12,607
Interest	0	10,770	0	10,770	10,770
Advertising	10,694	1,337	1,337	2,674	13,368
Bad debt expense	0	5,000	0	5,000	5,000
Total expenses	<u>\$ 2,559,086</u>	<u>\$ 446,835</u>	<u>\$ 188,519</u>	<u>\$ 635,354</u>	<u>\$ 3,194,440</u>

The accompanying notes are an integral part of these financial statements

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ 441,523	\$ (636,441)
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities:		
Bad debt expense	0	5,000
Net unrealized (gain)/loss on investments	(129,818)	116,732
Amortization of ROU assets	37,229	43,198
Changes in operating assets and liabilities:		
Promises to give	21,500	63,000
Employee Retention Credit receivable	0	347,849
Inventory	15,676	(20,896)
Prepaid expenses	(8,557)	5,914
Deposits	14,137	0
Accounts payable	9,384	(2,225)
Accrued liabilities	(2,797)	989
Accrued interest	(3,714)	8,847
Deferred revenue	143,324	58,255
Operating lease liabilities	(38,084)	(47,422)
Net cash provided/(used) by operating activities	<u>499,803</u>	<u>(57,200)</u>
Net change in cash and cash equivalents	499,803	(57,200)
Cash and cash equivalents at beginning of year	<u>1,024,811</u>	<u>1,082,011</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,524,614</u></u>	<u><u>\$ 1,024,811</u></u>
Supplemental information		
ROU asset obtained in exchange for lease liability	<u>\$ 66,327</u>	<u>\$ 0</u>
Interest Paid	<u><u>\$ 7,692</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of these financial statements

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The American Mountain Guides Association, Inc. (“AMGA”) is a not-for-profit corporation established to disseminate educational information to its members via courses and other media. Funding for AMGA is obtained primarily through course fees, solicitations from interested parties, membership dues, and special events.

Basis of Accounting

AMGA maintains its accounting records on the full accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Financial Statement Presentation

AMGA reports information regarding its financial position and activities using two classes of net assets according to their nature and purpose based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of AMGA are classified and reported as follows:

Net Assets Without Donor Restriction – represent amounts without donor restrictions that are currently available at the discretion of the board of directors for use in AMGA operations.

Net Assets With Donor Restrictions – represent amounts with donor restrictions that are either monies restricted by donors specifically for certain purposes and time limitations or are assets that must be maintained in perpetuity by AMGA, as required by the donor, but AMGA is permitted to use or expend part or all of any income derived from those assets in accordance with donor specifications.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of time restrictions or satisfaction of purpose restrictions on net assets, (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

Cash and Cash Equivalents

AMGA considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The carrying amount reported in the statements of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

Financial instruments that potentially subject AMGA to concentrations of credit risk consist of money market accounts considered to be cash equivalents. AMGA places its cash and cash equivalents with creditworthy, high-quality financial institutions. Management believes the risk of loss is remote.

Investments

Investments in equity securities having a readily determinable fair value are stated at fair value determined by quoted prices in active markets for identical assets (i.e., Level 1 inputs). Investment income and realized and unrealized gains and losses are reflected in the statements of activities as without donor restriction or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Inventory

Inventory consists of promotional merchandise and is stated at the lower of cost or net realizable value.

Fixed Assets

Fixed assets are recorded at cost. The assets are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. AMGA capitalizes all fixed asset purchases exceeding \$1,500 with an estimated useful life of three years or more.

Revenue Recognition for Contracts with Customers

To determine revenue recognition for the arrangements that AMGA determines are within the scope of Topic 606, AMGA performs the following five steps: 1) identify the contract(s) with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognize revenue when (or as) AMGA satisfies performance obligations.

Revenue from contracts with customers is composed of the following:

Course Fees

Fees for AMGA courses are due in advance. AMGA recognizes revenue from courses when they are completed, which typically occurs over approximately one week. AMGA occasionally provides merit-based scholarship discounts for courses. Such discounts are reported net of course revenues in the statements of activities.

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition for Contracts with Customers (Continued)

Membership Dues

AMGA recognizes revenue from member dues over the membership period, which ranges from 6, 12, or 24 months from the date the membership is purchased. The performance obligations of the membership are simultaneously received and consumed by members; therefore, revenue is recognized ratably over the course of the membership period using a straight-line method. Membership dues are paid in advance and included in deferred revenue until earned.

Special Events

Fees paid to attend special events are paid in full upon purchase and recognized when the event takes place. Fees paid in advance are deferred and recognized when the event occurs, both typically occur within the same fiscal year.

Merchandise Sales

Income from sales of merchandise is recognized at the time of sale.

Other Information

Deferred revenue is summarized as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Course fees	\$ 453,856	\$ 402,613
Membership dues	<u>296,079</u>	<u>203,998</u>
Total deferred revenue	<u>\$ 749,935</u>	<u>\$ 606,611</u>

Revenue from contracts with customers was recognized as follows during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Over time:		
Course fees	\$ 2,372,957	\$ 1,658,831
Membership dues	502,207	427,517
Point in time:		
Special events	2,825	21,103
Merchandise sales	<u>12,318</u>	<u>15,421</u>
Total revenue from contracts with customers	<u>\$ 2,890,307</u>	<u>\$ 2,122,872</u>

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants

AMGA records unconditional and conditional contributions in accordance with the requirements of generally accepted accounting principles for nonprofit entities. AMGA recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time AMGA is notified of the contribution and the promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions, revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

AMGA calculates allowances for doubtful accounts based on a review of outstanding promises to give, historical collection information, and existing economic conditions. Delinquent promises to give are written off based on individual credit evaluations and specific circumstances of the donor. The allowance for doubtful accounts was \$0 and \$5,000 for the years ended December 31, 2023 and 2022.

Advertising

Advertising expenses are recognized as incurred.

Functional Allocation of Expense

Costs of providing the program and supporting services have been reported on a functional basis in the statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Costs have been allocated between the various programs and supporting services on several bases and estimates. Salaries and wages are allocated based on time and effort estimates. Other expenses are allocated based on the best estimates of management. Although the methods used to allocate expenses are considered appropriate, other methods could be used that would produce different amounts.

Income Tax Status

AMGA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state law, and contributions to it are deductible within the limitations prescribed by the Code. AMGA has been classified as a publicly supported organization which is not private foundations under Section 509(a) of the Code.

AMGA did not have any material unrelated business income tax liability for the years ended December 31, 2023 and 2022. AMGA's tax filings are subject to audit by various taxing authorities. AMGA's ending open audit periods are December 31, 2021 and thereafter. AMGA believes they have no significant uncertain tax positions for the periods ended December 31, 2023 and 2022.

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Endowment net assets with donor restriction were reclassified as of December 31, 2022 to conform to the 2023 presentation. Total net assets with donor restriction were unaffected by the reclassification. See Note 7.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 23, 2024, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of December 31, 2023 are as follows:

Cash and cash equivalents	\$ 1,524,614
Investments	631,819
Promises to give	10,500
Less: Board designated net assets	(634,793)
Less: Net assets with donor restriction	<u>(413,781)</u>
 Liquid resources available for general expenditure	 <u><u>\$ 1,118,359</u></u>

AMGA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, AMGA monitors its liquidity and reserves no less than quarterly. AMGA has a policy requiring the maintenance of an operating reserve equal to 1.5 months of average expenses or \$500,000, which is greater.

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 – INVESTMENTS

Investments and net investment income are summarized as follows as of and for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Equity ETFs and mutual funds	\$ 618,644	\$ 493,052
Public equities	<u>13,175</u>	<u>8,949</u>
 Total investments	 <u>\$ 631,819</u>	 <u>\$ 502,001</u>
 Interest and dividends	 \$ 15,605	 \$ 13,812
Unrealized gain/(loss)	<u>129,818</u>	<u>(116,732)</u>
 Net investment income/(loss)	 <u>\$ 145,423</u>	 <u>\$ (102,920)</u>

All of AMGA's investments were valued using Level 1 inputs (quoted prices in active markets for identical assets that AMGA has the ability to access).

NOTE 4 – LEASES

The determination of whether an arrangement is a lease is made at the contract's inception. Under Accounting Standards Codification (ASC) Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Management only reassess its determination if the terms and conditions of the contract are changed.

Leases with an initial term of 12 months or less (short-term leases) are not recorded on the statement of financial position. Lease expense for these leases is recognized on the straight-line basis over the lease term.

Long-term leases with a present value at inception exceeding \$1,000 are included in right-of-use ("ROU") assets and lease liabilities in the accompanying statement of financial position. ROU assets represent AMGA's right to use an underlying asset for the lease term, and lease liabilities represent AMGA's obligation to make lease payments.

ROU assets and lease liabilities are recognized at the lease commencement date at the present value of lease payments over the lease term. As a practical expedient, AMGA has elected to use United States Treasury yields to calculate the present value of lease payments.

AMGA has lease payments with lease and nonlease components, which are generally accounted for separately with amounts allocated to the lease and nonlease components based on standalone prices.

AMGA leases office space which has escalating rent payments. The office lease expired in March 2023.

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 – LEASES (CONTINUED)

In March 2023, AMGA executed a new lease for office space commencing in March 2023 and expiring in March 2025.

ROU lease assets and lease expense related to the office lease are comprised of the following as of December 31:

	<u>2023</u>	<u>2022</u>
ROU assets	\$ 66,327	\$ 264,034
ROU assets - accumulated amortization	<u>(26,053)</u>	<u>(252,858)</u>
ROU assets, net	<u>\$ 40,274</u>	<u>\$ 11,176</u>
Operating lease cost	\$ 38,820	\$ 45,114
Short-term lease cost	2,849	0
Variable lease cost	<u>38,585</u>	<u>31,456</u>
Total lease expense	<u>\$ 77,405</u>	<u>\$ 76,570</u>

Lease expense is included in occupancy expenses in the accompanying statements of functional expenses.

Future maturities of operating lease liabilities for the years ended December 31 are as follows:

2024	\$ 34,427
2025	7,172
Less: amount representing interest	<u>(1,038)</u>
Present value of lease liability	<u>\$ 40,561</u>

The remaining lease term and discount rate on the office lease was approximately 1.2 years and 3.93% as of December 31, 2023.

NOTE 5 – ECONOMIC INJURY DISASTER LOAN

In May 2020, AMGA received a \$150,000 Economic Injury Disaster Loan from the United States Small Business Administration. The loan accrues interest of 2.75% per annum beginning in May 2020. Monthly payments of \$641 are due beginning in October 2022, with payment first being applied to accrued interest and then outstanding principal. The loan is collateralized by substantially all assets of AMGA and matures in May 2051.

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 – ECONOMIC INJURY DISASTER LOAN (CONTINUED)

Future payments of principal are estimated for the years ending December 31 as follows:

2024	\$ 0
2025	1,794
2026	3,662
2027	3,764
2028	3,869
Thereafter	136,911

NOTE 6 – RESTRICTED NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 139,248	\$ 86,724
Endowments	<u>274,533</u>	<u>303,476</u>
Total	<u>\$ 413,781</u>	<u>\$ 390,200</u>

Net assets with donor restriction were released from donor restriction by incurring expenses that satisfy purpose restrictions or the passage of time as specified by the donors. Net assets released from donor restrictions are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 109,989	\$ 35,143
Endowments	<u>78,802</u>	<u>0</u>
Total	<u>\$ 188,791</u>	<u>\$ 35,143</u>

Board designated net assets are summarized as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Quasi-endowment	<u>\$ 634,793</u>	<u>\$ 551,057</u>

The board designated quasi-endowment is funded to support scholarships for AMGA programs but may be made available for operating purposes in the event of a liquidity shortfall.

AMERICAN MOUNTAIN GUIDES ASSOCIATION, INC.
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NOTE 7 – ENDOWMENTS

The Board of Directors of AMGA has interpreted the State of Colorado enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of donation of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, AMGA generally classifies as permanently restricted net assets: a) the original value of gifts donated to the endowment, b) the original value of subsequent gifts to the endowment, and c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those assets are appropriated for expenditure by the AMGA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, AMGA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

AMGA's endowments consist of five individual donor-restricted funds established for course scholarship and memorial purposes and one board designated quasi-endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified based on the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the corpus that the donor or UPMIFA requires AMGA to retain as a fund of perpetual duration. As of December 31, 2023 and 2022, there were no such deficiencies.

AMGA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that AMGA must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maximize utilization of investments which preserve principal, maximize income commensurate with risk, provide liquidity to help insure adequate reserves, and fit within AMGA's preference of acceptable principal and interest risk.

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NOTE 7 – ENDOWMENTS (CONTINUED)

To satisfy its long-term rate of return objectives, AMGA relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. AMGA targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Distribution and spending of endowment assets is allowed as program requirements arise. Such distributions are generally limited to endowment assets in excess of corpus held in perpetuity.

Endowment net assets are summarized as follows for the years ended December 31:

	Without Donor Restrictions	With Donor Restriction Purpose		Total
		Restricted	In Perpetuity	
Endowment net assets, December 31, 2021	\$ 621,355	\$ 283,411	\$ 63,167	\$ 967,933
Net investment income/(loss)	(70,298)	(43,102)	0	(113,400)
Endowment net assets, December 31, 2022	551,057	240,309	63,167	854,533
Reclassification	0	(33,448)	33,448	0
Net investment income	83,736	49,859	0	133,595
Distributions	0	(78,802)	0	(78,802)
Endowment net assets, December 31, 2023	<u>\$ 634,793</u>	<u>\$ 177,918</u>	<u>\$ 96,615</u>	<u>\$ 909,326</u>

NOTE 8 – RETIREMENT PLAN

AMGA offers a defined contribution retirement plan (Plan) under IRC Section 401(k) to qualifying employees. AMGA provides a 100% match of an employee's salary deferral up to 2% of the employee's compensation. The Plan also provides for additional employer contributions at AMGA's discretion. Employees are vested in AMGA's match after six months of service. AMGA contributed \$36,187 and \$65,700 during the years ended December 31, 2023 and 2022.

NOTE 9 – NONFINANCIAL CONTRIBUTIONS AND NONMONETARY TRANSACTIONS

AMGA's policy related to nonfinancial contributions is to utilize the assets given to carry out the mission of AMGA. If an asset is provided that does not allow AMGA to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

AMGA recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. AMGA receives services from a large number of volunteers who give significant amounts of their time to programs but which do not meet the criteria for financial statement recognition.

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NOTE 9 – NONFINANCIAL CONTRIBUTIONS AND NONMONETARY TRANSACTIONS
(CONTINUED)

AMGA occasionally provides promotional services in exchange for outdoor equipment and supplies. Such equipment and supplies are provided to AMGA course participants.

Nonfinancial contributions and nonmonetary transactions are summarized as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Program supplies	116,899	136,507
Professional services	<u>18,814</u>	<u>54,737</u>
Total	<u>\$ 135,713</u>	<u>\$ 191,244</u>

AMGA recognized revenue and expense from program supplies based on market suggested retail prices of the supplies provided. No gain or loss was recognized on the exchanges. Of these amounts, AMGA monetized \$46,469 and \$0 during the years ended December 31, 2023 and 2022.

AMGA received professional legal services at no cost. The value of such services was estimated by the donor using actual time incurred at their billable rate.