

**THE MOUNTAINEERS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**SEPTEMBER 30, 2021 AND 2020**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Mountaineers  
Seattle, Washington

We have audited the accompanying consolidated financial statements of The Mountaineers (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Mountaineers as of September 30, 2021 and 2020, 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.

### ***Report on Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, schedule of activities and changes in net assets for the individual organizations and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole as of and for the year ended September 30, 2021 and 2020.

*Jones & Associates PLLC, CPAs*

Jones & Associates PLLC, CPAs  
April 4, 2022

**THE MOUNTAINEERS**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,820,505	\$ 1,058,701
Accounts receivable, net	932,440	928,148
Pledges receivable	17,375	148,769
Current portion of author advances, net	75,921	97,444
Book inventories	3,301,443	3,346,007
Prepaid expenses and other current assets	266,303	188,500
Total current assets	7,413,987	5,767,569
<b>Long-term assets</b>		
Investments	3,972,226	3,269,047
Author advances, net	167,365	229,558
Intangible assets, net	653,605	653,605
Property and equipment, net	4,635,260	4,729,421
Total assets	\$ 16,842,443	\$ 14,649,200
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 570,496	\$ 339,842
Accrued liabilities	235,300	214,259
Royalties payable	114,791	191,187
Deferred revenue	247,830	170,622
Loan payable	498,363	63,468
Forgivable loan payable	-	652,300
Total current liabilities	1,666,780	1,631,678
<b>Long-term liabilities</b>		
Contingent contribution (Note 12)	800,000	800,000
Total liabilities	2,466,780	2,431,678
 <b>NET ASSETS</b>		
Net assets without donor restrictions		
Undesignated	8,372,914	6,666,122
Board designated	5,652,574	5,053,418
	14,025,488	11,719,540
Net assets with donor restrictions	350,175	497,982
Total net assets	14,375,663	12,217,522
Total liabilities and net assets	\$ 16,842,443	\$ 14,649,200

**THE MOUNTAINEERS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
<b>SUPPORT AND REVENUE</b>				
Book sales	\$ 5,317,181	\$ -	\$ -	\$ 5,317,181
Course fees	1,221,786	-	-	1,221,786
Membership dues and fees	692,210	-	-	692,210
Lodge sales	12,831	-	-	12,831
Room rentals	27,928	-	-	27,928
Other revenue	132,137	-	-	132,137
Ticket sales	110,613	-	-	110,613
Book royalties	35,959	-	-	35,959
Food and sundry sales	1,300	-	-	1,300
Grants and contributions	1,055,349	-	131,275	1,186,624
Special events, net	357,871	-	-	357,871
	<u>8,965,165</u>	<u>-</u>	<u>131,275</u>	<u>9,096,440</u>
Net asset releases/transfers:				
Board designated transfers	(599,156)	599,156	-	-
Net assets released from restriction	279,082	-	(279,082)	-
	<u>(320,074)</u>	<u>599,156</u>	<u>(279,082)</u>	<u>-</u>
 Total support and revenue	 <u>8,645,091</u>	 <u>599,156</u>	 <u>(147,807)</u>	 <u>9,096,440</u>
<b>OPERATING EXPENSES</b>				
Program services	7,833,753	-	-	7,833,753
Management and general	674,551	-	-	674,551
Fundraising	410,055	-	-	410,055
Total operating expenses	<u>8,918,359</u>	<u>-</u>	<u>-</u>	<u>8,918,359</u>
 <b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	 <u>(273,268)</u>	 <u>599,156</u>	 <u>(147,807)</u>	 <u>178,081</u>
<b>NONOPERATING</b>				
Gain on loan forgiveness	1,276,509	-	-	1,276,509
Investment return	703,551	-	-	703,551
Total nonoperating	<u>1,980,060</u>	<u>-</u>	<u>-</u>	<u>1,980,060</u>
 <b>TOTAL CHANGE IN NET ASSETS</b>	 <u>1,706,792</u>	 <u>599,156</u>	 <u>(147,807)</u>	 <u>2,158,141</u>
<b>NET ASSETS</b>				
Beginning of the year	<u>6,666,122</u>	<u>5,053,418</u>	<u>497,982</u>	<u>12,217,522</u>
End of the year	<u>\$ 8,372,914</u>	<u>\$ 5,652,574</u>	<u>\$ 350,175</u>	<u>\$ 14,375,663</u>

*See accompanying notes to consolidated financial statements.*

**THE MOUNTAINEERS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
<b>SUPPORT AND REVENUE</b>				
Book sales	\$ 3,746,342	\$ -	\$ -	\$ 3,746,342
Course fees	966,183	-	-	966,183
Membership dues and fees	639,777	-	-	639,777
Lodge sales	152,983	-	-	152,983
Room rentals	112,897	-	-	112,897
Other revenue	52,894	-	-	52,894
Ticket sales	236,943	-	-	236,943
Book royalties	39,412	-	-	39,412
Food and sundry sales	10,342	-	-	10,342
Grants and contributions	724,276	-	193,390	917,666
Special events, net	349,474	-	-	349,474
	<u>7,031,523</u>	<u>-</u>	<u>193,390</u>	<u>7,224,913</u>
Net asset releases/transfers:				
Board designated transfers	(196,495)	196,495	-	-
Net assets released from restriction	140,011	-	(140,011)	-
	<u>(56,484)</u>	<u>196,495</u>	<u>(140,011)</u>	<u>-</u>
 Total support and revenue	 <u>6,975,039</u>	 <u>196,495</u>	 <u>53,379</u>	 <u>7,224,913</u>
<b>OPERATING EXPENSES</b>				
Program services	6,362,210	-	-	6,362,210
Management and general	872,941	-	-	872,941
Fundraising	427,806	-	-	427,806
Total operating expenses	<u>7,662,957</u>	<u>-</u>	<u>-</u>	<u>7,662,957</u>
 <b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	 <u>(687,918)</u>	 <u>196,495</u>	 <u>53,379</u>	 <u>(438,044)</u>
<b>NONOPERATING</b>				
Investment return	314,805	-	-	314,805
Total nonoperating	<u>314,805</u>	<u>-</u>	<u>-</u>	<u>314,805</u>
 <b>TOTAL CHANGE IN NET ASSETS</b>	 <u>(373,113)</u>	 <u>196,495</u>	 <u>53,379</u>	 <u>(123,239)</u>
<b>NET ASSETS</b>				
Beginning of the year	7,039,235	4,856,923	444,603	12,340,761
End of the year	<u>\$ 6,666,122</u>	<u>\$ 5,053,418</u>	<u>\$ 497,982</u>	<u>\$ 12,217,522</u>

**THE MOUNTAINEERS**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Program Services			Support Services			
	Programs	Books	Braided River	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,357,385	\$ 964,864	-	\$ 2,322,249	\$ 286,559	\$ 310,759	\$ 2,919,567
Cost of books sold	34,915	3,385,295	-	3,420,210	-	-	3,420,210
Professional fees	353,033	23,204	-	376,237	286,588	43,837	706,662
Occupancy	158,683	114,608	-	273,291	12,481	16,940	302,712
Postage	10,669	196,264	1,464	208,397	2,329	4,350	215,076
Advertising and promotion	13,388	186,473	451	200,312	478	2,598	203,388
Depreciation	197,531	2,403	-	199,934	-	-	199,934
Insurance	120,596	29,479	-	150,075	9,085	-	159,160
Information technology	72,479	38,169	139	110,787	18,890	14,229	143,906
Travel	109,869	-	1,305	111,174	507	212	111,893
Program supplies	77,533	-	-	77,533	14,508	-	92,041
Office expenses	10,539	52,569	-	63,108	14,912	1,714	79,734
Recognition and development	69,819	-	-	69,819	3,326	286	73,431
Project Management	-	-	66,875	66,875	-	-	66,875
Printing	49,658	-	-	49,658	489	14,233	64,380
Book Publication	-	-	47,744	47,744	5,000	-	52,744
Staff development	-	-	32,850	32,850	13,000	-	45,850
Shipping supplies	-	33,346	-	33,346	-	-	33,346
Exhibit expenses	-	-	32,741	32,741	-	-	32,741
Miscellaneous	4,152	14,741	-	18,893	6,161	-	25,054
Honorarium	-	-	21,740	21,740	-	-	21,740
Outreach	-	-	18,469	18,469	49	897	19,415
Fieldwork	-	-	4,148	4,148	-	-	4,148
Conferences and meetings	-	-	13	13	189	-	202
	<u>2,640,249</u>	<u>5,041,415</u>	<u>227,939</u>	<u>7,909,603</u>	<u>674,551</u>	<u>410,055</u>	<u>8,994,209</u>
Eliminations	-	-	-	(75,850)	-	-	(75,850)
Total functional expenses	<u>2,640,249</u>	<u>5,041,415</u>	<u>227,939</u>	<u>7,833,753</u>	<u>674,551</u>	<u>410,055</u>	<u>8,918,359</u>
Direct benefits to donors	-	-	-	-	-	33,252	33,252
Total expenses	<u>\$ 2,640,249</u>	<u>\$ 5,041,415</u>	<u>\$ 227,939</u>	<u>\$ 7,833,753</u>	<u>\$ 674,551</u>	<u>\$ 443,307</u>	<u>\$ 8,951,611</u>

*See accompanying notes to consolidated financial statements.*

**THE MOUNTAINEERS**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Program Services			Support Services			Total
	Programs	Books	Braided River	Total Programs	Management and General	Fundraising	
Salaries and benefits	\$ 1,168,397	\$ 853,270	\$ 69,240	\$ 2,090,907	\$ 456,647	\$ 335,985	\$ 2,883,539
Cost of books sold	65,986	2,452,200	-	2,518,186	-	-	2,518,186
Professional fees	221,137	44,083	3,437	268,657	295,284	-	563,941
Occupancy	70,405	100,269	-	170,674	13,538	14,204	198,416
Postage	14,265	142,950	429	157,644	2,922	7,081	167,647
Advertising and promotion	18,406	207,189	3,294	228,889	449	3,124	232,462
Depreciation	221,583	6,193	-	227,776	55	48	227,879
Insurance	96,982	-	-	96,982	31,269	-	128,251
Information technology	1,361	26,453	2,504	30,318	40,471	773	71,562
Travel	93,236	9,814	4,511	107,561	1,703	4,292	113,556
Program supplies	127,164	-	68,925	196,089	101	3,750	199,940
Office expenses	97,101	44,207	79	141,387	18,220	20,699	180,306
Recognition and development	53,505	-	-	53,505	1,932	2,996	58,433
Printing	58,655	-	-	58,655	327	25,998	84,980
Staff development	-	-	-	-	1,850	-	1,850
Shipping supplies	-	20,763	-	20,763	-	-	20,763
Miscellaneous	-	18,348	14,069	32,417	1,346	647	34,410
Outreach	-	-	14,539	14,539	1,191	384	16,114
Fieldwork	-	-	10,000	10,000	-	-	10,000
Conferences and meetings	109,874	5,550	923	116,347	2,316	-	118,663
Bad debts	-	13,466.00	-	13,466	-	-	13,466
Donations and sponsorships	2,441	-	1,500	3,941	3,320	7,825	15,086
	<u>2,420,498</u>	<u>3,944,755</u>	<u>193,450</u>	<u>6,558,703</u>	<u>872,941</u>	<u>427,806</u>	<u>7,859,450</u>
Eliminations	-	-	-	(196,493)	-	-	(196,493)
Total functional expenses	<u>2,420,498</u>	<u>3,944,755</u>	<u>193,450</u>	<u>6,362,210</u>	<u>872,941</u>	<u>427,806</u>	<u>7,662,957</u>
Direct benefits to donors	-	-	-	-	-	119,701	119,701
Total expenses	<u>\$ 2,420,498</u>	<u>\$ 3,944,755</u>	<u>\$ 193,450</u>	<u>\$ 6,362,210</u>	<u>\$ 872,941</u>	<u>\$ 547,507</u>	<u>\$ 7,782,658</u>

*See accompanying notes to consolidated financial statements.*



**THE MOUNTAINEERS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from programs	\$ 7,978,875	\$ 5,927,884
Cash received from grants and contributions	1,942,227	892,897
Cash received from other revenue	192,633	122,080
Cash paid to employees and suppliers	(8,620,929)	(7,508,630)
	1,492,806	(565,769)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(105,773)	(69,041)
Purchase of investments	(60,124)	(64,942)
	(165,897)	(133,983)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	498,363	63,468
Payments on loan payable	(63,468)	-
Proceeds from forgivable loan payable	-	652,300
Proceeds from contingent contribution	-	200,000
	434,895	915,768
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 1,761,804	 216,016
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	1,058,701	842,685
End of the year	\$ 2,820,505	\$ 1,058,701
<b>Supplemental Cash Flow Information</b>		
Gain on forgiveness of notes payable	\$ 652,300	\$ -

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities** – The Mountaineers is a Washington State nonprofit corporation formed to enrich the community by helping people explore, conserve, learn about and enjoy the lands and waters of the Pacific Northwest and beyond. The Mountaineers offers program activities and publishes books consistent with its philosophies and mission.

Braided River is a Washington State nonprofit corporation formed to inspire support for critical conservation efforts through books, media campaigns, multimedia presentations and museum exhibits. The Mountaineers has consolidated the statements of financial position and activities of Braided River due to its economic interest in and control of Braided River.

**Principles of Consolidation** - The accompanying consolidated financial statements include the accounts of The Mountaineers and Braided River (collectively, the Organization). Inter-company transactions and balances have been eliminated in consolidation.

**Basis of Accounting and Presentation** – The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for use as a building fund and for use on outdoor centers.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had no perpetually restricted net assets at September 30, 2021 and 2020.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Gifts of property and equipment and contributions restricted for the acquisition or construction of property and equipment are released when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies** (continued)

**Cash and Cash Equivalents** – For purposes of the consolidated statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At September 30, 2021 and 2020, cash and cash equivalents consist of checking, savings, and money market accounts held at various regional financial institutions. Deposits with a single financial institution occasionally exceed federally insured limits, which subject the Organization to a concentration of deposit risk. The Organization has not experienced losses due to this concentration.

**Pledges Receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to change in net assets and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are determined to be uncollectible are written off through a charge to the valuation allowance and a credit to pledges receivable.

**Allowance for Doubtful Accounts, Returns and Doubtful Advances** - The Organization extends credit to a substantial number of its customers and authors. Allowances for doubtful accounts and doubtful advances are maintained for estimated losses resulting from the inability of its customers to pay or the lack of sufficient proceeds from the sale of authors' publications. The Organization determines the allowances based on review of past due balances, historical write-off experience and economic data. Uncollected accounts receivable balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Organization has established credit policies and has determined that historically the losses related to customer and author nonpayment have been low as a percentage of net sales. The allowance for returns is calculated based on typical patterns of returns incurred during the previous year applied to the ending accounts receivable balance.

**Accounts Receivable** – Accounts receivable consist primarily of amounts due from customers, are recorded at the invoice amount, and do not bear interest. The allowance for doubtful accounts and returns was \$59,040 and \$81,274 as of September 30, 2021 and 2020, respectively.

**Author Advances** - Author advances are amounts that have been prepaid to authors for books that are in progress. Author advances are deducted from royalty payments over several years as related books are sold. The allowance for doubtful advances was \$136,893 and \$270,841 as of September 30, 2021 and 2020, respectively.

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies** (continued)

**Book Inventories** - Inventories consist primarily of finished books and prepaid book production expenses and are stated at the lower of cost or market. Cost is determined using an average cost basis.

**Investments** – Investments with readily determinable market values are stated at fair value based on quoted market prices. Unrealized and realized gains and losses on these investments are reported in the consolidated statement of activities and changes in net assets.

**Fair Value Measurements** – The Organization has adopted Statement of Financial Accounting Standards Board Codification 820-10, Fair Value Measurements (FASB ASC 820-10). FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value and expands disclosures about financial instruments. In addition, FASB ASC 820-10 establishes a hierarchy that classifies the inputs used to calculate fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1      Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
  
- Level 2      Quoted prices in markets that are not considered to be active for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities, and inputs other than quoted prices that are directly observable or indirectly through corroboration with observable market data;
  
- Level 3      Inputs that are both significant to the fair value measurement and unobservable, including investment specific inputs that are not derived from market data and inputs that cannot be corroborated by market data. The determination of fair value for investments included in the level 3 category requires considerable subjectivity and estimation.

Fair value measurements apply to the Organization’s mutual funds, which are classified within level 1 of the fair value hierarchy.

**Property and Equipment** – Purchased land, buildings and equipment are recorded at cost, and those received by donations are capitalized at their estimated fair values on the date received. Property and equipment with an original cost of \$5,000 or greater are capitalized. Depreciation is accounted for on a straight-line method based upon estimated useful lives of the assets ranging from 20 to 40 years for buildings and improvements, and 3 to 5 years for equipment, furniture and fixtures, and software.

**Revenue Recognition** – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies** (continued)

**Revenue Recognition** (continued) - The Organization recognizes revenue for sales of goods at the bookstores when products are sold at the point of sale.

Revenue from contracts and program fees is recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services provided. Fees received for future instruction are deferred until the instruction commences.

Contracts and program fees may give rise to performance obligations for the Organization. Revenue from contracts with performance obligations is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer at a point in time or over time. For the Organization, these revenues consist of contracts and tuition fees. The contracts and tuition do not have a significant financing component, and the consideration amount is not variable. For the related performance obligations, control of the promised good or service transfers to the customer at a point in time. Payment is typically due in full when the customer completes registration and revenue is recognized in the period in which the service is rendered. The Organization records program revenue in the period in which the related educational instruction is performed.

**Deferred Revenue** - Receipts from events registrations and courses received in advance are deferred and recognized over the periods to which the revenue relates.

**Functional Allocation of Expenses** – The consolidated statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. Those expenses include the CEO’s office and other administrative payroll, communications and information technology. The CEO’s office is allocated based on estimates of time and effort, the communications department is allocated on estimates of time and money, and the information technology department is allocated based on estimates of time and costs of specific technology utilized. The same allocations are used from year to year to maintain consistent information with ongoing financial information and reviewed yearly to ensure reasonableness.

**Donated Materials and Services** - Donated materials are reflected as contributions in the accompanying consolidated financial statements at their estimated fair values at the date of receipt. Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers provided valuable services throughout the years that were not recognized as contributions in the consolidated financial statements since the recognition criteria was not met. In-kind contributions are included with grants and contributions on the consolidated statements of activities and total \$23,692 and \$68,607 for the years ended September 30, 2021 and 2020, respectively.

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies** (continued)

**Estimates** – Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Reclassifications** – Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented.

**Income Tax Status** – The Organization (both The Mountaineers and Braided River) is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

**Subsequent Events** – Subsequent events were evaluated through April 4, 2022, 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 the statement of financial position date are as follows at September 30:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 2,820,505	\$ 1,058,701
Investments	3,972,226	3,269,047
Accounts receivable	932,440	928,148
Pledges receivable	17,375	148,769
Total financial assets	7,742,546	5,404,665
Less net assets without donor restriction designated for use on long term purposes	(3,972,226)	(3,269,047)
Financial assets available within one year	\$ 3,770,320	\$ 2,135,618

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**Note 2 – Liquidity and Availability** (continued)

The Organization's financial assets have seasonal variation during the year attributed to the timing of receipts and expenditures for programs. The major fundraising event, the Gala, is held approximately halfway through the fiscal year and brings in substantial funds to assist with maintaining the Organization through the balance of the fiscal year. Books sales and accounts receivable also assists with providing a stable cash flow through the twelve months of the fiscal year cycle. Distress or liquidity needs could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization would have the option of drawing from the long-term investment account held for eventual use of a new building reserve. For short term, the Organization could establish a line of credit with the bank. As discussed in Note 9, in this period of pandemic the Organization has taken two draws on the Paycheck Protection Program for a total of \$1,276,509. In June and July 2021, applications for forgiveness were accepted and both loans were forgiven in full. As discussed in Note 10, during February and July 2021 the Organization received an Economic Injury Disaster Loan totaling \$500,000 that is payable over 30 years.

**Note 3 – Investments**

The Organization's investments consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Mutual funds		
Short-term	\$ 1,063,891	\$ 1,049,869
Foreign large blend	366,848	294,991
Large blend	<u>2,541,487</u>	<u>1,924,187</u>
	<u>\$ 3,972,226</u>	<u>\$ 3,269,047</u>

**Note 4 – Property and Equipment**

Property and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 6,530,226	\$ 6,530,838
Furniture, fixtures, and equipment	<u>1,972,494</u>	<u>1,971,881</u>
	8,502,720	8,502,719
Less accumulated depreciation	<u>(4,014,222)</u>	<u>(3,814,287)</u>
	4,488,498	4,688,432
Land	5,014	5,014
Construction in progress	<u>141,748</u>	<u>35,975</u>
	<u>\$ 4,635,260</u>	<u>\$ 4,729,421</u>

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 5 – Net Assets Without Donor Restrictions**

Net assets without donor restrictions were as follows at September 30:

	<u>2021</u>	<u>2020</u>
Board-Designated Net Assets		
Long-term building fund	\$ 3,972,226	\$ 3,269,047
Snoqualmie property sale proceeds	1,431,088	1,431,088
Outdoor centers	249,260	353,283
	<u>5,652,574</u>	<u>5,053,418</u>
Undesignated Net Assets		
Net assets invested in property and equipment	5,002,325	4,729,421
Undesignated net assets	3,370,589	1,936,701
	<u>8,372,914</u>	<u>6,666,122</u>
Total net assets without restrictions	<u>\$ 14,025,488</u>	<u>\$ 11,719,540</u>

**Note 6 – Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as follows at September 30:

	<u>2021</u>	<u>2020</u>
Capital projects	\$ 197,054	\$ 197,054
Publications and films	71,840	91,449
Outdoor centers	64,266	64,266
Climbing scholarship	15,515	15,000
Restricted for use in a future year	1,500	130,213
	<u>\$ 350,175</u>	<u>\$ 497,982</u>

**Note 7 – Lease Commitments**

The Organization leases a building for its headquarters under an agreement with the City of Seattle that is classified as an operating lease. In February 2008, the Organization began renovations on the building per the terms of the agreement. In return, the City of Seattle provides to the Organization an offset against the market value of the rental payments for improvements made to the building. This lease agreement terminates in February 2038.



**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 7 – Lease Commitments** (continued)

The Organization also leases a facility for its books and other divisions and leases lodging facilities and equipment that are classified as operating leases with various expiration dates through 2035.

Rental expense incurred under the various operating lease arrangements above was \$269,120 and \$283,320 for the years ended September 30, 2021 and 2020, respectively. Offsets provided from the City of Seattle totaled \$86,802 in each of the years ended September 30, 2021 and 2020.

Future minimum payments under the leases are as follows for the years ended September 30:

2022	\$ 271,341
2023	295,045
2024	309,547
2025	318,004
2026	326,731
Thereafter	1,336,995
	<u>\$ 2,857,663</u>

**Note 8 – Retirement Plan**

The Organization sponsors a 401(k) retirement plan covering substantially all full-time and part-time employees upon completion of three months of service and working at least 250 hours during that period. Employees may elect to defer up to 75% of their eligible compensation subject to certain limitations established by the Internal Revenue Code. The Organization matches 50% of the employees' contributions not to exceed 3% of the employees' gross wages. The Organization contributions fully vest after five years of service. The Organization contributed \$31,090 and \$37,909 for the years ended September 30, 2021 and 2020, respectively.

**Note 9 – Forgivable Loan Payable**

The Organization entered into two Small Business Administration Paycheck Protection loans with a bank. The first loan for \$652,300 was entered into during April 2020, and the second loan for \$624,209 was entered into during February 2021. In June and July 2021, the Organization's applications for forgiveness were accepted and both loans were forgiven in full.

**Note 10 – Economic Injury Disaster Loan**

In February 2021 the Organization received a \$150,000 Economic Injury Disaster Loan from the Small Business Administration. The loan was modified when an additional amount of \$350,000 was received in July 2021 for a total of \$500,000. The loan has an annual interest rate of 2.75% and is being repaid over a 30-year repayment schedule.

**THE MOUNTAINEERS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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**Note 11 – Special Events**

Special events revenue is shown in the statement of activities net of consumable costs that directly benefit the participants of the event. The net revenue is as follows for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Gross special events revenue	\$ 391,123	\$ 469,175
Less cost of direct donor benefits	(33,252)	(119,701)
	<u>\$ 357,871</u>	<u>\$ 349,474</u>

**Note 12 – Contingent Contribution**

The Organization received a contingent contribution in the form of a recoverable loan during the year ended September 30, 2018 totaling \$800,000. Proceeds from the loan are to be used solely for the purposes outlined in the loan agreement, which is to support the project of a documentary film undertaken by a third-party producer. As of September 30, 2021, \$800,000 has been received and is included as a contingent contribution balance on the consolidated statements of financial position. The loan bears no interest and requires repayment of principal to the extent income is generated using the proceeds of the loan. Any remaining outstanding principal on the loan will be forgiven on September 30, 2023.

**Note 13 – Risks and Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) was discovered. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. COVID-19 has had a negative impact on the Organization's programs and operations, and the Organization has taken actions to address this impact. The organization has reduced payroll costs and discretionary spending. As discussed in Note 9, the Organization has received two Paycheck Protection Program loans totaling \$1,276,509, both of which were forgiven during the year ended September 30, 2021. During the same year, an Economic Injury Disaster Loan was received for \$500,000. As the COVID-19 outbreak now enters a third year the effects of the pandemic are beginning to moderate but are still unknown. The Organization continues to monitor the impact on employees and programs participants, donors, partners and other stakeholders, and to take appropriate actions to maximize the recovery process as deemed necessary.

**SUPPLEMENTAL INFORMATION**

**THE MOUNTAINEERS**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021**

	Mountaineers Programs	Mountaineers Books	Total Mountaineers	Braided River	Eliminations	Consolidated Total
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 2,544,074	\$ 65,216	\$ 2,609,290	\$ 211,215	\$ -	\$ 2,820,505
Accounts receivable, net	-	932,440	932,440	-	-	932,440
Pledges receivable	1,500	-	1,500	15,875	-	17,375
Current portion of author advances, net	-	75,921	75,921	-	-	75,921
Book inventories	7,261	3,294,182	3,301,443	-	-	3,301,443
Prepaid expenses and other current assets	231,231	35,072	266,303	-	-	266,303
Due from (to) related	1,666,498	(1,666,498)	-	-	-	-
Total current assets	<u>4,450,564</u>	<u>2,736,333</u>	<u>7,186,897</u>	<u>227,090</u>	<u>-</u>	<u>7,413,987</u>
<b>Long-term assets</b>						
Investments	3,972,226	-	3,972,226	-	-	3,972,226
Author advances, net	-	167,365	167,365	-	-	167,365
Intangible assets, net	-	-	-	653,605	-	653,605
Property and equipment, net	4,602,674	32,586	4,635,260	-	-	4,635,260
Total assets	<u>\$ 13,025,464</u>	<u>\$ 2,936,284</u>	<u>\$ 15,961,748</u>	<u>\$ 880,695</u>	<u>\$ -</u>	<u>\$ 16,842,443</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 336,784	\$ 233,712	\$ 570,496	\$ -	\$ -	\$ 570,496
Accrued liabilities	102,786	132,514	235,300	-	-	235,300
Royalties payable	-	114,791	114,791	-	-	114,791
Deferred revenue	247,830	-	247,830	-	-	247,830
Loan payable	498,363	-	498,363	-	-	498,363
Total current liabilities	<u>1,185,763</u>	<u>481,017</u>	<u>1,666,780</u>	<u>-</u>	<u>-</u>	<u>1,666,780</u>
<b>Long-term liabilities</b>						
Contingent contribution (Note 12)	-	-	-	800,000	-	800,000
Total liabilities	<u>1,185,763</u>	<u>481,017</u>	<u>1,666,780</u>	<u>800,000</u>	<u>-</u>	<u>2,466,780</u>
<b>NET ASSETS</b>						
Net assets without donor restrictions						
Undesignated	5,908,792	2,455,267	8,364,059	8,855	-	8,372,914
Board designated	5,652,574	-	5,652,574	-	-	5,652,574
	<u>11,561,366</u>	<u>2,455,267</u>	<u>14,016,633</u>	<u>8,855</u>	<u>-</u>	<u>14,025,488</u>
Net assets with donor restrictions						
	<u>278,335</u>	<u>-</u>	<u>278,335</u>	<u>71,840</u>	<u>-</u>	<u>350,175</u>
Total net assets	<u>11,839,701</u>	<u>2,455,267</u>	<u>14,294,968</u>	<u>80,695</u>	<u>-</u>	<u>14,375,663</u>
Total liabilities and net assets	<u>\$ 13,025,464</u>	<u>\$ 2,936,284</u>	<u>\$ 15,961,748</u>	<u>\$ 880,695</u>	<u>\$ -</u>	<u>\$ 16,842,443</u>

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

**THE MOUNTAINEERS**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020**

	Mountaineers Programs	Mountaineers Books	Total Mountaineers	Braided River	Eliminations	Consolidated Total
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 783,470	\$ 78,575	\$ 862,045	\$ 196,656	\$ -	\$ 1,058,701
Accounts receivable, net	-	928,148	928,148	-	-	928,148
Pledges receivable	132,894	-	132,894	15,875	-	148,769
Current portion of author advances, net	-	97,444	97,444	-	-	97,444
Book inventories	58,369	3,287,638	3,346,007	-	-	3,346,007
Prepaid expenses and other current assets	158,894	29,606	188,500	-	-	188,500
Due from (to) related	1,992,891	(1,992,891)	-	-	-	-
Total current assets	<u>3,126,518</u>	<u>2,428,520</u>	<u>5,555,038</u>	<u>212,531</u>	<u>-</u>	<u>5,767,569</u>
<b>Long-term assets</b>						
Investments	3,269,047	-	3,269,047	-	-	3,269,047
Author advances, net	-	229,558	229,558	-	-	229,558
Intangible assets, net	-	-	-	653,605	-	653,605
Property and equipment, net	4,694,422	34,999	4,729,421	-	-	4,729,421
Total assets	<u>\$ 11,089,987</u>	<u>\$ 2,693,077</u>	<u>\$ 13,783,064</u>	<u>\$ 866,136</u>	<u>\$ -</u>	<u>\$ 14,649,200</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 122,136	\$ 217,706	\$ 339,842	\$ -	\$ -	\$ 339,842
Accrued liabilities	96,929	117,330	214,259	-	-	214,259
Royalties payable	-	191,187	191,187	-	-	191,187
Deferred revenue	170,622	-	170,622	-	-	170,622
Loan payable	63,468	-	63,468	-	-	63,468
Forgivable loan payable	652,300	-	652,300	-	-	652,300
Total current liabilities	<u>1,105,455</u>	<u>526,223</u>	<u>1,631,678</u>	<u>-</u>	<u>-</u>	<u>1,631,678</u>
<b>Long-term liabilities</b>						
Contingent contribution (Note 12)	-	-	-	800,000	-	800,000
Total liabilities	<u>1,105,455</u>	<u>526,223</u>	<u>1,631,678</u>	<u>800,000</u>	<u>-</u>	<u>2,431,678</u>
<b>NET ASSETS</b>						
Net assets without donor restrictions						
Undesignated	4,524,581	2,166,854	6,691,435	(25,313)	-	6,666,122
Board designated	5,053,418	-	5,053,418	-	-	5,053,418
	<u>9,577,999</u>	<u>2,166,854</u>	<u>11,744,853</u>	<u>(25,313)</u>	<u>-</u>	<u>11,719,540</u>
Net assets with donor restrictions						
	406,533	-	406,533	91,449	-	497,982
Total net assets	<u>9,984,532</u>	<u>2,166,854</u>	<u>12,151,386</u>	<u>66,136</u>	<u>-</u>	<u>12,217,522</u>
Total liabilities and net assets	<u>\$ 11,089,987</u>	<u>\$ 2,693,077</u>	<u>\$ 13,783,064</u>	<u>\$ 866,136</u>	<u>\$ -</u>	<u>\$ 14,649,200</u>

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

**THE MOUNTAINEERS**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Mountaineers Programs	Mountaineers Books	Total Mountaineers	Braided River	Eliminations	Consolidated Total
<b>SUPPORT AND REVENUE</b>						
Book sales	\$ 23,312	\$ 5,293,869	\$ 5,317,181	\$ -	\$ -	\$ 5,317,181
Course fees	1,221,786	-	1,221,786	-	-	1,221,786
Membership dues and fees	692,210	-	692,210	-	-	692,210
Lodge sales	12,831	-	12,831	-	-	12,831
Room rentals	27,928	-	27,928	-	-	27,928
Other revenue	96,075	35,959	132,034	103	-	132,137
Ticket sales	110,613	-	110,613	-	-	110,613
Book royalties	35,959	-	35,959	-	-	35,959
Food and sundry sales	1,300	-	1,300	-	-	1,300
Grants and contributions	912,078	-	912,078	274,546	-	1,186,624
Grants from Braided River	75,850	-	75,850	-	(75,850)	-
Special events, net	357,871	-	357,871	-	-	357,871
Total support and revenue	<u>3,567,813</u>	<u>5,329,828</u>	<u>8,897,641</u>	<u>274,649</u>	<u>(75,850)</u>	<u>9,096,440</u>
<b>OPERATING EXPENSES</b>						
Program services	2,640,249	5,041,415	7,681,664	227,939	(75,850)	7,833,753
Management and general	643,297	-	643,297	31,254	-	674,551
Fundraising	409,158	-	409,158	897	-	410,055
Total operating expenses	<u>3,692,704</u>	<u>5,041,415</u>	<u>8,734,119</u>	<u>260,090</u>	<u>(75,850)</u>	<u>8,918,359</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>						
	<u>(124,891)</u>	<u>288,413</u>	<u>163,522</u>	<u>14,559</u>	<u>-</u>	<u>178,081</u>
<b>NONOPERATING</b>						
Gain on loan forgiveness	1,276,509	-	1,276,509	-	-	1,276,509
Investment return	703,551	-	703,551	-	-	703,551
Total nonoperating	<u>1,980,060</u>	<u>-</u>	<u>1,980,060</u>	<u>-</u>	<u>-</u>	<u>1,980,060</u>
<b>TOTAL CHANGE IN NET ASSETS</b>						
	<u>1,855,169</u>	<u>288,413</u>	<u>2,143,582</u>	<u>14,559</u>	<u>-</u>	<u>2,158,141</u>
<b>NET ASSETS</b>						
Beginning of the year	9,984,532	2,166,854	12,151,386	66,136	-	12,217,522
End of the year	<u>\$ 11,839,701</u>	<u>\$ 2,455,267</u>	<u>\$ 14,294,968</u>	<u>\$ 80,695</u>	<u>\$ -</u>	<u>\$ 14,375,663</u>

**THE MOUNTAINEERS**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Mountaineers Programs	Mountaineers Books	Total Mountaineers	Braided River	Eliminations	Consolidated Total
<b>SUPPORT AND REVENUE</b>						
Book sales	\$ 21,538	\$ 3,736,008	\$ 3,757,546	\$ -	\$ (11,204)	\$ 3,746,342
Course fees	966,183	-	966,183	-	-	966,183
Membership dues and fees	639,777	-	639,777	-	-	639,777
Lodge sales	152,983	-	152,983	-	-	152,983
Room rentals	112,897	-	112,897	-	-	112,897
Other revenue	51,721	-	51,721	1,173	-	52,894
Ticket sales	236,943	-	236,943	-	-	236,943
Book royalties	-	39,412	39,412	-	-	39,412
Food and sundry sales	10,342	-	10,342	-	-	10,342
Grants and contributions	681,901	-	681,901	235,765	-	917,666
Grants from Braided River	185,289	-	185,289	-	(185,289)	-
Special events, net	349,474	-	349,474	-	-	349,474
Total support and revenue	<u>3,409,048</u>	<u>3,775,420</u>	<u>7,184,468</u>	<u>236,938</u>	<u>(196,493)</u>	<u>7,224,913</u>
<b>OPERATING EXPENSES</b>						
Program services	2,420,498	3,944,755	6,365,253	193,450	(196,493)	6,362,210
Management and general	841,966	-	841,966	30,975	-	872,941
Fundraising	427,422	-	427,422	384	-	427,806
Total operating expenses	<u>3,689,886</u>	<u>3,944,755</u>	<u>7,634,641</u>	<u>224,809</u>	<u>(196,493)</u>	<u>7,662,957</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>						
	<u>(280,838)</u>	<u>(169,335)</u>	<u>(450,173)</u>	<u>12,129</u>	<u>-</u>	<u>(438,044)</u>
<b>NONOPERATING</b>						
Investment return	314,805	-	314,805	-	-	314,805
Total nonoperating	<u>314,805</u>	<u>-</u>	<u>314,805</u>	<u>-</u>	<u>-</u>	<u>314,805</u>
<b>TOTAL CHANGE IN NET ASSETS</b>						
	33,967	(169,335)	(135,368)	12,129	-	(123,239)
<b>NET ASSETS</b>						
Beginning of the year	9,950,565	2,336,189	12,286,754	54,007	-	12,340,761
End of the year	<u>\$ 9,984,532</u>	<u>\$ 2,166,854</u>	<u>\$ 12,151,386</u>	<u>\$ 66,136</u>	<u>\$ -</u>	<u>\$ 12,217,522</u>