

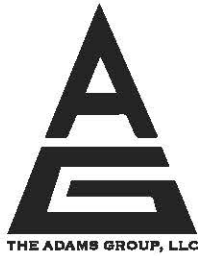
**AMERICAN INSTITUTE FOR AVALANCHE
RESEARCH AND EDUCATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
American Institute for Avalanche Research and Education, Inc.
Telluride, Colorado

Opinion

We have audited the accompanying financial statements of American Institute for Avalanche Research and Education, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Institute for Avalanche Research and Education, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of American Institute for Avalanche Research and Education, Inc. as of June 30, 2021 were audited by other auditors whose report dated November 3, 2021 expressed an unmodified opinion on those statements.

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 Institute for Avalanche Research and Education, 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 Institute for Avalanche Research and Education, 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 Institute for Avalanche Research and Education, 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

October 18, 2022
Denver, Colorado

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION

June 30,	2022	2021
<u>Assets</u>		
Cash	\$ 718,698	\$ 644,118
Accounts receivable	6,497	18,275
Prepaid expenses	34,447	4,050
Total Assets	\$ 759,642	\$ 666,443
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 11,781	\$ 2,721
Deferred revenue	5,620	21,035
Total liabilities	17,401	23,756
<u>Net Assets</u>		
Without donor restriction	674,878	515,165
With donor restriction	67,363	127,522
Total net assets	742,241	642,687
Total Liabilities and Net Assets	\$ 759,642	\$ 666,443

The accompanying notes are an integral part of these financial statements

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>Revenues</u>			
Course and dues income, net	\$ 844,022	\$ 0	\$ 844,022
Less: cost of goods sold	<u>(100,159)</u>	<u>0</u>	<u>(100,159)</u>
Net course and dues income	743,863	0	743,863
Donations, net	158,243	135,238	293,481
Grants and scholarships	71,039	67,296	138,335
In-kind donations	6,793	0	6,793
Other program service revenue	39,316	0	39,316
Net assets released from restrictions	<u>262,693</u>	<u>(262,693)</u>	<u>0</u>
Total revenues	<u>1,281,947</u>	<u>(60,159)</u>	<u>1,221,788</u>
 <u>Expenses</u>			
Program services	<u>810,719</u>		<u>810,719</u>
Supporting services			
General and administrative	278,501		278,501
Fundraising	<u>33,014</u>		<u>33,014</u>
Total supporting services	<u>311,515</u>		<u>311,515</u>
Total expenses	<u>1,122,234</u>		<u>1,122,234</u>
Changes in net assets	159,713	(60,159)	99,554
Net assets, beginning of year	<u>515,165</u>	<u>127,522</u>	<u>642,687</u>
Net assets, end of year	<u>\$ 674,878</u>	<u>\$ 67,363</u>	<u>\$ 742,241</u>

The accompanying notes are an integral part of these financial statements

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>Revenues</u>			
Course and dues income, net	\$ 783,762	\$ 0	\$ 783,762
Less: cost of goods sold	<u>(87,675)</u>	<u>0</u>	<u>(87,675)</u>
Net course and dues income	696,087	0	696,087
Donations, net	158,692	340,535	499,227
Grants and scholarships	0	106,246	106,246
PPP loan forgiveness	84,400	0	84,400
Other program service revenue	17,723	0	17,723
Net assets released from restrictions	<u>325,132</u>	<u>(325,132)</u>	<u>0</u>
Total revenues	<u>1,282,034</u>	<u>121,649</u>	<u>1,403,683</u>
 <u>Expenses</u>			
Program services	<u>583,037</u>		<u>583,037</u>
Supporting services			
General and administrative	258,828		258,828
Fundraising	<u>46,000</u>		<u>46,000</u>
Total supporting services	<u>304,828</u>		<u>304,828</u>
Total expenses	<u>887,865</u>		<u>887,865</u>
Changes in net assets	394,169	121,649	515,818
Net assets, beginning of year	<u>120,996</u>	<u>5,873</u>	<u>126,869</u>
Net assets, end of year	<u>\$ 515,165</u>	<u>\$ 127,522</u>	<u>\$ 642,687</u>

The accompanying notes are an integral part of these financial statements

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2022

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expense</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
Salaries	\$ 412,307	\$ 149,140	\$ 0	\$ 149,140	\$ 561,447
Benefits	16,323	29,092	0	29,092	45,415
Payroll taxes	32,179	12,686	0	12,686	44,865
Other professional fees	62,586	69,457	8,902	78,359	140,945
Cost of goods sold	100,159	0	0	0	100,159
Occupancy	24,369	0	0	0	24,369
Office expenses	8,949	11,166	1,648	12,814	21,763
Program materials	29,093	0	0	0	29,093
Program venue	33,582	0	0	0	33,582
Travel	38,771	3,387	278	3,665	42,436
Bank and other fees	33,195	3,573	22,186	25,759	58,954
Grant expenses	119,365	0	0	0	119,365
	<u>910,878</u>	<u>278,501</u>	<u>33,014</u>	<u>311,515</u>	<u>1,222,393</u>
Less: cost of goods sold netted with revenue	<u>(100,159)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(100,159)</u>
Total functional expenses	<u>\$ 810,719</u>	<u>\$ 278,501</u>	<u>\$ 33,014</u>	<u>\$ 311,515</u>	<u>\$ 1,122,234</u>

The accompanying notes are an integral part of these financial statements

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2021

	<u>Supporting Services</u>				<u>Total Expense</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 275,677	\$ 130,828	\$ 0	\$ 130,828	\$ 406,505
Benefits	12,132	5,757	0	5,757	17,889
Payroll taxes	26,917	12,774	0	12,774	39,691
Other professional fees	25,830	82,741	710	83,451	109,281
Cost of goods sold	87,675	0	0	0	87,675
Occupancy	0	4,782	0	4,782	4,782
Office expenses	5,354	17,636	0	17,636	22,990
Program materials	6,235	0	0	0	6,235
Program venue	5,849	0	0	0	5,849
Travel	39,847	2,324	41	2,365	42,212
Bank and other fees	20,454	1,986	45,249	47,235	67,689
Grant expenses	164,742	0	0	0	164,742
	<u>670,712</u>	<u>258,828</u>	<u>46,000</u>	<u>304,828</u>	<u>975,540</u>
Less: cost of goods sold netted with revenue	<u>(87,675)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(87,675)</u>
Total functional expenses	<u>\$ 583,037</u>	<u>\$ 258,828</u>	<u>\$ 46,000</u>	<u>\$ 304,828</u>	<u>\$ 887,865</u>

The accompanying notes are an integral part of these financial statements

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 99,554	\$ 515,818
Reconciliation of change in net assets to net cash from operating activities:		
Gain on Paycheck Protection Program loan forgiveness	0	(84,400)
Accounts receivable	11,778	(4,230)
Prepaid expenses	(30,397)	(4,050)
Accounts payable and accrued liabilities	9,060	643
Deferred revenue	(15,415)	(9,900)
Net cash provided by operating activities	<u>74,580</u>	<u>413,881</u>
Net change in cash	74,580	413,881
Cash at beginning of year	<u>644,118</u>	<u>230,237</u>
Cash at end of year	<u><u>\$ 718,698</u></u>	<u><u>\$ 644,118</u></u>

The accompanying notes are an integral part of these financial statements

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The American Institute for Avalanche Research and Education, Inc. (AIARE) is a nonprofit, tax-exempt corporation formed in April 1998, in the state of Colorado, as an international organization that develops and disseminates avalanche course materials to avalanche educators that reflect the needs of today's backcountry travelers. AIARE is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1954, as amended; and accordingly, a provision for income taxes has not been made. The Internal Revenue Service has determined AIARE is not a private foundation.

Basis of Accounting

AIARE 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

AIARE 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 AIARE are classified and reported as follows:

Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not designated amounts from net assets without donor restrictions for certain purposes.

With Donor Restrictions – Net assets subject to donor-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 may be perpetual in nature, where the donor stipulates that resources should be maintained in perpetuity. As of June 30, 2022 and 2021, AIARE does not have net assets with donor restrictions that are required to be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash consists of cash held in checking accounts at various financial institutions and cash held by an online merchant in an online account. At times, cash balances exceed federally insured limits. AIARE places its cash with creditworthy, high-quality financial institutions.

Accounts Receivable

Accounts receivable are stated at unpaid balances. Based on historical experience, management has determined that an allowance for doubtful accounts is not necessary.

Revenue Recognition

AIARE recognizes revenue from contracts with customers, which generally consists of courses, book sales, sponsorships, and membership dues, when the related performance obligations are satisfied. AIARE recognizes revenue from courses when they are completed, which typically occurs during October 1 – April 30. Revenue from book sales is recognized upon transfer of merchandise to the customer. Revenue from sponsorships and membership dues is recognized throughout the year as performance obligations of specific contracts are satisfied.

AIARE occasionally provides merit-based scholarship discounts for course revenues. Such discounts are reported net of course revenues in the Statements of Activities. During the years ended June 30, 2022 and 2021, AIARE recognized tuition discounts totaling \$83,365 and \$44,125.

Payments received prior to the satisfaction of performance obligations are deferred. Deferred revenue recorded at fiscal year-end is typically recognized as revenue in the subsequent fiscal year.

AIARE records unconditional and conditional contributions in accordance with the requirements of generally accepted accounting principles for nonprofit entities. AIARE 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 AIARE 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. AIARE did not receive any conditional contributions during the years ended June 30, 2022 and 2021.

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Expenses associated with fundraising events are reported net of contribution revenues in the Statements of Activities. During the years ended June 30, 2022 and 2021, AIARE incurred expenses related to fundraising events totaling \$51,133 and \$44,642.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, 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

AIARE is exempt from federal income taxes under IRC Section 501(c)(3).

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 18, 2022, which is the date the financial statements were available to be issued.

Recently Adopted Accounting Standards Update

As of July 1, 2021, AIARE adopted Accounting Standards Update No. 2020-07 *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard enhances the disclosures related to contributions of nonfinancial assets.

NOTE 2 – DONOR RESTRICTED NET ASSETS

Net assets with donor restrictions consist of net assets restricted by donors for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Arctic Cat Sweepstakes	\$ 329	\$ 329
Weston Scholarship	0	2,400
AIARE Pro Instructor Development Grant	14,062	6,924
Kizaki-Wolf Scholarship	0	40
Live Large University Scholarship	48,641	117,829
First Ascent Scholarship	1,400	0
Women's Mentorship	920	0
Avalanche Alliance Sweepstakes	<u>2,011</u>	<u>0</u>
Total	<u>\$ 67,363</u>	<u>\$ 127,522</u>

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – DONOR RESTRICTED NET ASSETS (CONTINUED)

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 June 30:

	<u>2022</u>	<u>2021</u>
Arctic Cat Sweepstakes	\$ 0	\$ 214,031
Weston Scholarship	4,750	2,600
AIARE Pro Instructor Development Grant	12,862	18,369
Kizaki-Wolf Scholarship	3,940	4,545
Live Large University Scholarship	69,734	62,087
First Ascent Scholarship	25,600	23,500
Women's Mentorship	12,942	0
Women's Pro Scholarship	13,500	0
Avalanche Alliance Sweepstakes	<u>119,365</u>	<u>0</u>
 Total	 <u>\$ 262,693</u>	 <u>\$ 325,132</u>

NOTE 3 – RELATED PARTY TRANSACTIONS

AIARE received contributions from board members totaling \$6,400 and \$27,680 during the years ended June 30, 2022 and 2021. AIARE paid compensation to board members for instructing courses totaling \$13,809 and \$22,436 during the years ended June 30, 2022 and 2021.

NOTE 4 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of June 30, 2022 are as follows:

Cash	\$ 718,698
Accounts receivable	6,497
Less: net assets with donor restriction	<u>(67,363)</u>
 Available for general expenditure	 <u>\$ 657,832</u>

AIARE 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, AIARE monitors its liquidity and reserves no less than quarterly. During the years ended June 30, 2022 and 2021, the level of liquidity and reserves was managed within the guiding principles.

AMERICAN INSTITUTE FOR AVALANCHE RESEARCH AND EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, AIARE received a loan from FirstBank totaling \$84,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if AIARE fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. AIARE is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On April 27, 2021, the SBA processed AIARE's PPP Loan forgiveness application and notified FirstBank that the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, AIARE was legally released from the debt and the loan forgiveness has been recorded as a paycheck protection loan forgiveness during the year ended June 30, 2021.

NOTE 6 – OPERATING LEASES

AIARE is obligated under an operating lease for office space expiring at June 30, 2023. Total rent expense under the lease was \$0 for the years ended June 30, 2022 and 2021. Future minimum annual commitments under the operating lease is as follows:

Year ended June 30, 2023	<u>\$ 6,600</u>
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NOTE 7 – RETIREMENT PLAN

AIARE offers a defined contribution retirement plan (Plan) to qualifying employees. During the years ended June 30, 2022 and 2021, AIARE contributed \$11,680 and \$3,330 to the Plan.

NOTE 8 – IN-KIND CONTRIBUTIONS

A board member provided professional legal services to AIARE at no cost. During the years ended June 30, 2022 and 2021, AIARE recognized revenue and related expense of \$6,793 and \$0 for these contributed services. The amount recognized was determined based on the board member's standard hourly rate and actual time incurred.