

# Higher Ground Sun Valley, Inc.

Financial Statements

Years Ended April 30, 2020 and 2019



**WIPFLI**

## Independent Auditor's Report

To the Board of Directors of  
Higher Ground Sun Valley, Inc.  
Ketchum, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements of Higher Ground Sun Valley, Inc. (the "Company"), which comprise the statements of financial position as of April 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### Auditor's Responsibility

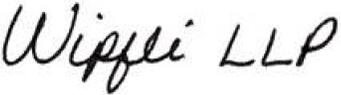
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Higher Ground Sun Valley, Inc. as of April 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP  
November 19, 2020  
Idaho Falls, Idaho

# Higher Ground Sun Valley, Inc.

## Statements of Financial Position

<i>As of April 30,</i>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 211,998	\$ 879,891
Investment securities	674,161	382,739
Pledges receivable, current	143,700	285,000
Grants receivable	155,508	-
Prepaid expenses and other assets	162,320	130,527
Total current assets	1,347,687	1,678,157
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and building improvements (held for lease)	1,120,824	1,120,824
Program equipment	153,290	142,456
Furniture and office equipment	52,207	65,886
Vehicles	255,664	234,224
Construction in progress	70,000	-
Accumulated depreciation	(425,727)	(447,315)
Property and equipment, net	1,226,258	1,116,075
<b>OTHER ASSETS</b>		
Pledges receivable, long term	170,000	150,000
Total assets	\$ 2,743,945	\$ 2,944,232
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 22,442	\$ 60,180
Accrued liabilities	82,546	124,533
Credit cards payable	16,190	70,552
Deferred revenue	59,525	34,800
Security deposits	3,000	-
Current portion of note payable	15,859	15,124
Total current liabilities	199,562	305,189
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion	35,239	51,032
Total liabilities	234,801	356,221
<b>NET ASSETS</b>		
Without donor restrictions	1,649,385	1,701,434
With donor restrictions	859,759	886,577
Total net assets	2,509,144	2,588,011
Total liabilities and net assets	\$ 2,743,945	\$ 2,944,232

See accompanying notes to financial statements.

# Higher Ground Sun Valley, Inc.

## Statement of Activities

<i>Year Ended April 30,</i>	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Public Support			
Donations and grants	\$ 837,203	\$ 1,446,881	\$ 2,284,084
In-kind contributions	1,136,196	-	1,136,196
Special fundraising events, net of \$273,275 expenses	564,993	14,686	579,679
Rental income	48,118	-	48,118
Investment income, net	5,386	-	5,386
Gain on disposals of assets	500	-	500
Net assets released from restrictions	1,488,385	(1,488,385)	-
<b>Total revenue and support</b>	<b>4,080,781</b>	<b>(26,818)</b>	<b>4,053,963</b>
<b>EXPENSES</b>			
Program	3,660,908	-	3,660,908
Fundraising	233,265	-	233,265
Administration	238,657	-	238,657
<b>Total expenses</b>	<b>4,132,830</b>	<b>-</b>	<b>4,132,830</b>
Increase (decrease) in net assets	(52,049)	(26,818)	(78,867)
Net assets at beginning of year	1,701,434	886,577	2,588,011
Net assets at end of year	\$ 1,649,385	\$ 859,759	\$ 2,509,144

See accompanying notes to financial statements.

# Higher Ground Sun Valley, Inc.

## Statement of Activities

<i>Year Ended April 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Public Support			
Donations and grants	\$ 645,021	\$ 2,060,159	\$ 2,705,180
In-kind contributions	1,849,037	-	1,849,037
Special fundraising events, net of \$293,937 expenses	148,481	308,323	456,804
Rental income	19,967	-	19,967
Investment income, net	6,341	-	6,341
Net assets released from restrictions	2,064,139	(2,064,139)	-
<b>Total revenue and support</b>	<b>4,732,986</b>	<b>304,343</b>	<b>5,037,329</b>
<b>EXPENSES</b>			
Program	3,514,312	-	3,514,312
Fundraising	208,841	-	208,841
Administration	258,402	-	258,402
<b>Total expenses</b>	<b>3,981,555</b>	<b>-</b>	<b>3,981,555</b>
Increase (decrease) in net assets	751,431	304,343	1,055,774
Net assets at beginning of year	950,003	582,234	1,532,237
<b>Net assets at end of year</b>	<b>\$ 1,701,434</b>	<b>\$ 886,577</b>	<b>\$ 2,588,011</b>

See accompanying notes to financial statements.

# Higher Ground Sun Valley, Inc.

## Statements of Cash Flows

<i>Years Ended April 30,</i>	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from members and public	\$ 3,127,555	\$ 3,358,221
Cash received from other income	51,118	19,967
Interest and dividends received	1,052	1,154
Cash paid for program expenses	(2,640,066)	(2,367,025)
Cash paid for administrative expenses	(232,511)	(256,643)
Cash paid for fundraising expenses	(493,195)	(393,130)
Net cash flows provided (used) by operating activities	(186,047)	362,544
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(180,200)	(84,412)
Proceeds from the sale of equipment	500	-
Purchase of investment securities, net	(287,088)	(267,317)
Net cash flows provided (used) by investing activities	(466,788)	(351,729)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(15,058)	(14,359)
Net increase (decrease) in cash and cash equivalents	(667,893)	(3,544)
Cash and cash equivalents at beginning of year	879,891	883,435
Cash and cash equivalents at end of year	\$ 211,998	\$ 879,891

See accompanying notes to financial statements.

# Higher Ground Sun Valley, Inc.

## Statements of Cash Flows (Continued)

<i>Years Ended April 30,</i>	2020	2019
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (78,867)	\$ 1,055,774
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Depreciation	70,017	58,631
In-kind contribution of condominium units	-	(675,000)
Gain on disposition of equipment	(500)	-
Net (gain) loss on investment securities	(4,334)	(5,187)
Decrease (increase) in		
Pledges receivable	121,300	(132,500)
Grants receivable	(155,508)	(100,638)
Prepaid expense and other assets	(31,793)	-
Increase (decrease) in		
Accounts payable	(37,738)	55,975
Deferred revenue	24,725	34,800
Accrued payroll and related liabilities	(41,987)	38,899
Credit cards payable	(54,362)	31,790
Security deposits	3,000	-
Total adjustments	(107,180)	(693,230)
Net cash flows provided (used) by operating activities	\$ (186,047)	\$ 362,544

See accompanying notes to financial statements.

# Higher Ground Sun Valley, Inc.

## Statement of Functional Expenses

<i>Year ended April 30, 2020</i>	Program	Fundraising	Administration	Total
<b>FUNCTIONAL EXPENSES</b>				
Salaries and benefits	\$ 1,271,140	\$ 147,858	\$ 192,121	\$ 1,611,119
Staff education	18,724	505	106	19,335
Information services	26,542	5,344	2,820	34,706
Marketing and development	67,666	24,087	1,497	93,250
Insurance	76,684	10,252	13,743	100,679
Office expense	86,409	7,943	7,725	102,077
Occupancy	95,789	10,439	12,166	118,394
Professional services	103,434	9,226	6,172	118,832
Program related expenses	1,815,847	80	30	1,815,957
Repairs and maintenance	15,034	-	-	15,034
Staff travel	21,324	11,930	176	33,430
Depreciation	62,315	5,601	2,101	70,017
<b>Total expenses</b>	<b>\$ 3,660,908</b>	<b>\$ 233,265</b>	<b>\$ 238,657</b>	<b>\$ 4,132,830</b>
	88.6 %	5.6 %	5.8 %	100 %

See accompanying notes to financial statements.

# Higher Ground Sun Valley, Inc.

## Statement of Functional Expenses

<i>Year ended April 30, 2019</i>	Program	Fundraising	Administration	Total
<b>FUNCTIONAL EXPENSES</b>				
Salaries and benefits	\$ 1,272,905	\$ 130,465	\$ 220,797	\$ 1,624,167
Staff education	20,707	655	246	21,608
Information services	27,426	4,326	1,526	33,278
Marketing and development	67,671	26,048	2,382	96,101
Insurance	82,342	9,189	15,488	107,019
Occupancy	93,085	7,364	7,230	107,679
Office expense	86,588	7,749	2,906	97,243
Professional services	145,469	10,453	3,920	159,842
Program related expenses	1,632,134	844	1,815	1,634,793
Repairs and maintenance	10,040	-	-	10,040
Staff travel	24,763	6,058	333	31,154
Depreciation	51,182	5,690	1,759	58,631
Total expenses	\$ 3,514,312	\$ 208,841	\$ 258,402	\$ 3,981,555
	87.2 %	6.5 %	6.3 %	100 %

See accompanying notes to financial statements.

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

Years Ended April 30, 2020 and 2019

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### Note 1: Summary of Significant Accounting Policies

#### Organization and Operations

Higher Ground Sun Valley, Inc. ("HGSV" or the "Company"), formerly Sun Valley Adaptive Sports, Inc. is a non-profit organization located in Ketchum, Idaho for the purpose of enriching the lives of people with disabilities through sports and recreation. HGSV's mission is accomplished by providing the following four major programs: *Higher Ground Military Program* is a nationally recognized veteran rehabilitation program that combines sports, family, and coping therapies to restore and rehabilitate injured men and women of the armed forces. *Higher Ground Winter Recreation Program* serves children, teens, and adults with disabilities who are interested in skiing, snowboarding, sled hockey, or Nordic skiing, and is partnered with the Sun Valley Company. The *Higher Ground Summer Recreation Program* consists of three summer day camps that serve individuals with physical and cognitive disabilities. The local chapter of *Special Olympics* empowers athletes with cognitive disabilities to be healthy, productive, and respected members of their communities through athletic training and competition.

HGSV receives the majority of its support in the form of donations from individuals. Higher Ground Sun Valley, Inc. is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

#### Basis of Presentation

The financial statements of HGSV have been prepared in accordance with accounting principles generally accepted in the United States for not-for-profit organizations. Those principles require reporting amounts for an organization's total assets, liabilities, and net assets in a statement of financial position; reporting the change in an organization's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows as well as a statement of functional expenses.

Those principles also require classification of an organization's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions into two separate classes of net assets – those with donor restrictions and those without donor restrictions. Certain restricted support is reported as without restriction if the restrictions are met in the reporting period that the donation was received.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Company treats as cash and cash equivalents, demand deposits, and all investments with original maturities of 90 days or less.

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

Years Ended April 30, 2020 and 2019

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Investment Securities**

Investments in marketable securities with readily determinable fair values and all investment in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains or losses restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains or losses are recognized.

#### **Pledges Receivable**

A pledge is a promise to make a contribution at a later date. Pledges that include the amount of the pledge, a defined payment schedule or due date, are signed by the donor and are unconditional in nature are reflected as receivables and revenue in these financial statements. If considered significant, pledges receivable are discounted to their estimated present value. Conditional promises received to make a contribution are not reflected in the financial statements until all conditions have been satisfied except for the passage of time.

#### **Property and Equipment**

Property and equipment is stated at cost, or if donated, is recorded at the estimated fair market value at the date of donation. Maintenance and repairs that do not improve or extend the life of assets are currently expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from thirty-nine years for buildings and improvements, to five to seven years for furniture, equipment, and vehicles.

#### **Contribution Revenue**

Contributions received are recorded as with donor restrictions or without donor restrictions support depending on the existence and/or nature of any donor restrictions. When a restriction expires, with donor restriction net assets are reclassified to "without donor restrictions" and reported in the statements of activities as net assets released from restriction.

#### **Advertising and Promotion**

HGSV uses advertising and promotion in the form of brochures, newsletters, newspaper and magazine advertisement, and television programming to promote its mission to the community it serves and to reach potential donors. Some promotional exposure is contributed in-kind to the HGSV. The costs of advertising and promotion are expensed as incurred.

#### **Income Taxes**

HGSV has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

Years Ended April 30, 2020 and 2019

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2019. The Company is currently evaluating the impact of the provisions of ASC 606.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU provides guidance on the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard supersedes current lease accounting requirements in FASB Accounting Standards Codification (ASC) Topic 840, *Leases*. When adopted, the amendments in the ASU must be applied using a modified retrospective approach. ASU No. 2016-02 is effective for nonpublic companies for annual periods beginning after December 15, 2020. The Company is currently evaluating the impact of the provisions of ASC 842.

#### Note 2: Cash and Cash Equivalents

At April 30, 2020 and 2019, the carrying amount of HGSV's cash and cash equivalents was comprised of the following:

	2020	2019
Cash and cash equivalents held at Wells Fargo	\$ 160,721	\$ 825,875
Cash held in money market and cash funds at Charles Schwab	1,077	1,067
Cash and cash equivalents held at Key Bank	28,344	40,124
Cash and cash equivalents held at Sun Valley Company	17,398	9,844
Petty cash and other	4,458	2,981
Total	\$ 211,998	\$ 879,891

Bank balances totaled \$280,406 and \$909,111 at April 30, 2020 and 2019, of which 100% and 33.2% was covered by federal depository insurance.

#### Note 3: Investment Securities

Investment securities consist of mutual funds and other marketable securities held at Wells Fargo Advisors. At April 30, 2020, these investment securities were reported at market value of \$674,161, with a related historical cost of \$673,283, and a net unrealized gain of \$878. During the years ended April 30, 2020 and 2019, net unrealized gains (losses) totaled \$878 and \$5,187. At April 30, 2019, these investment securities were reported at market value of \$382,739 with a related historical cost of \$377,552.

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

Years Ended April 30, 2020 and 2019

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### Note 4: Pledges and Grants Receivable

HGSV has received unconditional promises to give and as of April 30, 2020 and 2019, pledges receivables totaled \$313,700 and \$435,000, respectively. Of these receivables at April 30, 2020, \$170,000 is deemed long term pledges.

As of April 30, 2020, HGSV had grants receivable in the amount of \$155,508 from the U.S. Department of Veterans Affairs and VA Adaptive Sports. The total federal grant award from the U.S. Department of Veterans Affairs was \$316,688 of which \$121,508 had been expended and is reflected as a receivable at year end. HGSV anticipates that the entire grant will be spent and conditions met by September 30, 2020. The entire grant in the amount of \$34,000 from VA Adaptive Sports was spent and thus reflected as a receivable at year end.

### Note 5: Property Held for Lease

Higher Ground Sun Valley, Inc. owns office space in Ketchum, ID with a historical cost of \$445,824 with accumulated depreciation of \$147,482 where they were previously headquartered. HGSV outgrew the office space and moved to a new facility in which it leases. The owned property is leased under operating leases which expire during the next five years. HGSV also owns condominium units in Ketchum, ID with a historical donated value of \$675,000 with accumulated depreciation of \$23,798. The owned properties are leased under operating leases which expire during the next five years. Future minimum rentals to be collected on noncancelable operating leases are as follows:

*Years ended April 30,*

2021	\$	107,400
2022		105,200
2023		7,850
Total	\$	220,450

### Note 6: Credit Cards Payable

HGSV has multiple credit cards through Wells Fargo and American Express with interest rates from 13.24% to 23.99% and a combined credit limit of \$140,000 as of April 30, 2020. Balances are generally paid in full on a monthly basis and do not incur interest charges. Balances outstanding for credit cards payable at April 30, 2020 and 2019, totaled \$16,190 and \$70,552, respectively.

### Note 7: Deferred revenue

Deferred revenue represents advance payments received for services to be provided in future periods for the annual Hero's Journey fundraising event. As of April 30, 2020 and 2019, Higher Ground Sun Valley, Inc. had deferred revenues of \$59,525 and \$34,800, respectively.

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

Years Ended April 30, 2020 and 2019

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### Note 8: Lease Obligations/Conditional Pledge

Effective January 1, 2020, Higher Ground Sun Valley, Inc. extended their office space lease with a written agreement. The lease requires monthly rents of \$7,850 from January 1, 2020, through December 31, 2021. Future minimum lease payments under this operating lease total \$70,650 for 2021.

Effective October 1, 2019, Higher Ground Sun Valley, Inc. entered into an operating lease for office space in California with a written agreement. The lease requires monthly rents of \$2 per square foot or \$2,552 per month with a 3% increase per year for the 3 years of the lease term. Future minimum lease payments under this operating lease total \$31,083 for 2021, \$32,016 for 2022, and \$16,245 for 2023.

Effective February 3, 2015, HGSV entered into a phone system lease. The lease requires monthly payments of \$538 through March 3, 2018. HGSV renewed the lease as of April 2018 for a 36-month contract. The base amount they pay per month is \$27 plus taxes and fees depending on the number of phones they have. At April 30, 2020, the total amount they are paying is \$807 per month. Future minimum lease payments under this operating lease are \$9,681 for 2021, \$9,681 for 2022, and \$807 for 2023.

Higher Ground Sun Valley, Inc. leases storage space and other items on a month to month basis.

Total rent expense for all operating leases for the years ended April 30, 2020 and 2019, was \$118,394 and \$108,921, respectively.

### Note 9: Note Payable - Revolving Credit Agreements

HGSV has a promissory note with Wells Fargo Bank due in monthly installments of \$1,494 bearing interest at 4.75% and matures on May 15, 2023. The promissory note is collateralized by certain real estate. The balance as of April 30, 2020 and 2019, was \$51,098 and \$66,156, respectively.

The following is a schedule of debt maturities subsequent to April 30, 2020:

<i>Fiscal Year</i>	Interest	Principal	Total
2021	\$ 2,065	\$ 15,859	\$ 17,924
2022	1,295	16,629	17,924
2023	488	17,436	17,924
2024	320	1,174	1,494
Total	\$ 4,168	\$ 51,098	\$ 55,266

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

Years Ended April 30, 2020 and 2019

### Note 10: Net Assets

Net assets were for general operations, designated by the board, invested in long-term assets, or restricted by donors for the following purposes at April 30, 2020:

<i>April 30, 2020</i>	Without Donor Restriction	With Donor Restrictions	Total
Higher Ground (HG) Military SV	\$ -	\$ 479,900	\$ 479,900
HG Military LA	-	135,476	135,476
Adaptive Sports	-	150,000	150,000
Scholarships	51,921	94,383	146,304
Invested in property and equipment, net of related debt	1,226,258	-	1,226,258
General operations	371,206	-	371,206
<b>Total</b>	<b>\$ 1,649,385</b>	<b>\$ 859,759</b>	<b>\$ 2,509,144</b>

Net assets were for general operations, designated by the board, invested in long-term assets, or restricted by donors for the following purposes at April 30, 2019:

<i>April 30, 2019</i>	Without Donor Restriction	With Donor Restrictions	Total
Higher Ground (HG) Military	\$ 111,885	\$ 235,000	\$ 346,885
HG Military LA	-	359,080	359,080
Recreation	-	200,000	200,000
Scholarships	48,813	92,497	141,310
Invested in property and equipment, net of related debt	1,049,919	-	1,049,919
General operations	490,817	-	490,817
<b>Total</b>	<b>\$ 1,701,434</b>	<b>\$ 886,577</b>	<b>\$ 2,588,011</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows during the years ended April 30, 2020 and 2019:

<i>Years ended April 30,</i>	2020	2019
Higher Ground Military	\$ 1,248,362	\$ 1,678,461
Recreation	-	239,278
Adaptive sports	237,909	52,635
BCVM	-	86,535
Scholarships	2,114	7,230
<b>Total</b>	<b>\$ 1,488,385</b>	<b>\$ 2,064,139</b>

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

Years Ended April 30, 2020 and 2019

### Note 11: In-kind Contributions

Higher Ground Sun Valley, Inc. receives donated services from unpaid volunteers who assist in special projects. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort, under generally accepted accounting principles, have not been satisfied.

During the years ended April 30, 2020 and 2019, HGSV received, as non-cash contributions, various goods and services used in its programs. These include ski passes, lift tickets, guided fishing trips, food, and other items valued at \$1,136,196 and \$1,849,037, respectively. The value of these goods and services are reflected as in-kind contributions and expenses in the statements of activities.

Each year, the Sun Valley Company donates \$60,000 of goods and services to be charged to a credit account at the resort. HGSV provides food, drinks, and lift tickets for participants during the ski season with this donation. As of April 30, 2020 and 2019, the full value of the donation had been utilized.

### Note 12: Liquidity and Availability of Financial Resources

The following table reflects Higher Ground Sun Valley, Inc.'s financial assets as of April 30, 2020, and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions.

<i>As of April 30,</i>	2020	2019
Financial asset at year end:		
Cash and cash equivalents	\$ 211,998	\$ 879,891
Investment securities	674,161	382,739
Pledges receivable, current portion	143,700	285,000
Grants receivable	155,508	-
Total financial assets	1,185,367	1,547,630
Less amounts not available to be used within one year		
Net assets with donor restrictions	689,759	736,577
Total	689,759	736,577
Financial assets available to meet general expenditures over the next twelve months	\$ 495,608	\$ 811,053

Higher Ground Sun Valley, Inc. does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for at least two months of operating expenses.

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

*Years Ended April 30, 2020 and 2019*

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### **Note 13: Concentration of Contributions or Grants**

During the years ended April 30, 2020 and 2019, HGSV received 22% and 27% of its donations and grants from one major donor in 2020 and two major donors in 2019. These donations were received in the form of cash and pledges receivable of \$509,900 in 2020, and \$720,000 in 2019, restricted to the Higher Ground Military program. During the year ended April 30, 2019, HGSV received 37% of its in-kind contributions from one donor in the form of condominium units valued at \$675,000.

During the years ended April 30, 2020 and 2019, HGSV received 37% and 21% of its in-kind contributions from one major donor in the form of non-cash contributions comprised of ski passes, lift tickets, accommodations, and other items valued at \$415,846 and \$383,740 from Sun Valley Company.

### **Note 14: Employee Benefit Plan**

Higher Ground Sun Valley sponsors a 403(b) plan for their employees. The plan covers all employees with at least two months of service. Participants can make salary contributions up to the smaller of 100% of their compensation or the IRS maximum limits and the HGSV will match up to 3% of these contributions. The Company's matching contributions charged to expense during the fiscal years ended April 30, 2020 and 2019, was \$32,288 and \$34,025.

### **Note 15: Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

# Higher Ground Sun Valley, Inc.

## Notes to the Financial Statements

*Years Ended April 30, 2020 and 2019*

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### **Note 15: Fair Value Measurements (Continued)**

Level 3 - Inputs that are unobservable inputs for the asset or liability. Following is a description of the valuation methodologies used for assets measured at fair value.

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock). Equity funds, fixed income funds and exchange trade funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data. The fair value of alternative investments is based on the net asset value per share as a practical expedient. Real estate investment trusts (REITS) are valued based on the value that the shares were offered for sale at year end.

The methods described above may produce a fair value calculation that may not be indicative of net, realizable value or reflective of future fair value. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy applied only to investment securities in the amounts of \$674,161 and \$382,739 as of April 30, 2020 and 2019, respectively and were all Level 1. There were no assets or liabilities measured at fair value on a nonrecurring basis as of April 30, 2020 and 2019.

### **Note 16: Subsequent Events**

Management of the Company evaluated subsequent events through November 19, 2020, which was the date the financial statements were available to be issued. Beginning in March 2020, the United States economy began suffering adverse effects from the Covid 19 virus crisis ("CV19 Crisis"). As of the date of the financial statements multiple jurisdictions in the U.S. have declared states of emergency. As a result of the pandemic the Company was not able to hold fund raising events that were scheduled in April and July of 2020, which did impact the organization's revenue streams. Future potential impacts to the Company may include disruptions or restrictions on our employees' and contracted agents ability to work, reduced donations in the future, and may include receivable defaults. The future impact of the CV19 Crisis on the Company, cannot be reasonably estimated at this time.

As part of the Company's response to this pandemic, they applied for and received a loan through the SBA's Payroll Protection Program (PPP) Loan. They anticipate full forgiveness on this loan as all funds have been or will be used for allowable expenditures. The Company was able to secure additional emergency grant funding subsequent to year end in order to continue its important mission and functions. No other subsequent type events were identified by management of the Company that are required to be disclosed.