

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2022 AND 2021**



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DBA HIGHER GROUND USA, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Higher Ground Sun Valley, Inc.
DBA Higher Ground USA, Inc.
Ketchum, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Higher Ground Sun Valley, Inc., DBA Higher Ground USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Higher Ground Sun Valley, Inc., DBA Higher Ground USA, Inc. as of April 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Higher Ground Sun Valley, Inc., DBA Higher Ground USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Higher Ground Sun Valley, Inc., DBA Higher Ground USA, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Board of Directors
Higher Ground Sun Valley, Inc.
DBA HIGHER GROUND USA, INC.

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 GAAS 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 GAAS, 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 Higher Ground Sun Valley, Inc., DBA Higher Ground USA, 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 Higher Ground Sun Valley, Inc., DBA Higher Ground USA, 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.

Other Matter

The 2021 financial statements of Higher Ground Sun Valley, Inc., DBA Higher Ground USA, Inc. were audited by other auditors whose report dated January 24, 2022, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Bellevue, Washington
June 14, 2023

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,889,683	\$ 2,299,552
Investment Securities	675,469	675,161
Pledges Receivable, Current	154,000	428,799
Grants Receivable	417,179	-
Prepaid Expenses and Other Assets	82,957	49,138
Total Current Assets	4,219,288	3,452,650
PROPERTY AND EQUIPMENT		
Buildings and Building Improvements (Held for Lease)	340,769	340,769
Program Equipment	298,454	286,638
Furniture and Office Equipment	76,511	66,481
Vehicles	247,701	255,664
Construction in Progress	70,000	70,000
Accumulated Depreciation	(466,716)	(424,188)
Property and Equipment, Net	566,719	595,364
OTHER ASSETS		
Pledges Receivable, Long-Term	75,000	225,000
Total Assets	\$ 4,861,007	\$ 4,273,014
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 40,548	\$ 38,881
Accrued Liabilities	163,904	186,014
Credit Cards Payable	110,763	92,006
Deferred Revenue	162,892	-
Security Deposits	250	250
Total Current Liabilities	478,357	317,151
NET ASSETS		
Without Donor Restrictions	4,070,919	2,854,750
With Donor Restrictions	311,731	1,101,113
Total Net Assets	4,382,650	3,955,863
Total Liabilities and Net Assets	\$ 4,861,007	\$ 4,273,014

See accompanying Notes to Financial Statements.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Public Support:			
Donations and Grants	\$ 1,318,495	\$ 1,646,496	\$ 2,964,991
In-Kind Contributions	1,169,998	-	1,169,998
Special Fundraising Events, Net of \$327,567 Expenses	1,015,624	-	1,015,624
Program Revenue	47,660	-	47,660
Rental Income	13,200	-	13,200
Investment Income, Net	1,270	-	1,270
Gain on Sale of Assets	-	-	-
Net Assets Released from Restrictions	<u>2,435,878</u>	<u>(2,435,878)</u>	<u>-</u>
Total Revenue and Support	6,002,125	(789,382)	5,212,743
 EXPENSES			
Program	4,189,234	-	4,189,234
Fundraising	352,563	-	352,563
Administration	<u>244,159</u>	<u>-</u>	<u>244,159</u>
Total Expenses	<u>4,785,956</u>	<u>-</u>	<u>4,785,956</u>
 INCREASE (DECREASE) IN NET ASSETS	1,216,169	(789,382)	426,787
 Net Assets - Beginning of Year	<u>2,854,750</u>	<u>1,101,113</u>	<u>3,955,863</u>
 NET ASSETS - END OF YEAR	<u><u>\$ 4,070,919</u></u>	<u><u>\$ 311,731</u></u>	<u><u>\$ 4,382,650</u></u>

See accompanying Notes to Financial Statements.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Public Support:			
Donations and Grants	\$ 1,019,195	\$ 2,083,279	\$ 3,102,474
In-Kind Contributions	786,148	-	786,148
Special Fundraising Events, Net of \$65,865 Expenses	169,505	21,100	190,605
Federal Grants - Paycheck Protection Program	626,140	-	626,140
Rental Income	30,958	-	30,958
Investment Income, Net	1,378	-	1,378
Gain on Sale of Assets	207,299	-	207,299
Net Assets Released from Restrictions	<u>1,863,025</u>	<u>(1,863,025)</u>	<u>-</u>
Total Revenue and Support	4,703,648	241,354	4,945,002
EXPENSES			
Program	2,977,282	-	2,977,282
Fundraising	297,610	-	297,610
Administration	<u>223,391</u>	<u>-</u>	<u>223,391</u>
Total Expenses	<u>3,498,283</u>	<u>-</u>	<u>3,498,283</u>
INCREASE IN NET ASSETS	1,205,365	241,354	1,446,719
Net Assets - Beginning of Year	<u>1,649,385</u>	<u>859,759</u>	<u>2,509,144</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,854,750</u></u>	<u><u>\$ 1,101,113</u></u>	<u><u>\$ 3,955,863</u></u>

See accompanying Notes to Financial Statements.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members and Public	\$ 5,368,785	\$ 3,114,828
Cash Received from Other Income	13,200	28,208
Cash Received from Federal Grant - Paycheck Protection Program	-	626,140
Interest and Dividends Received	962	404
Cash Paid for Program Expenses	(4,186,987)	(1,815,749)
Cash Paid for Administrative Expenses	(244,159)	(220,910)
Cash Paid for Fundraising Expenses	(327,567)	(355,679)
Net Cash Provided by Operating Activities	<u>624,234</u>	<u>1,377,242</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(34,103)	(136,212)
Proceeds from the Sale of Assets	-	897,648
Purchase of Investment Securities, Net	(1,077)	(26)
Net Cash Provided (Used) by Investing Activities	<u>(35,180)</u>	<u>761,410</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	-	(51,098)
NET INCREASE IN CASH AND CASH EQUIVALENTS	589,054	2,087,554
Cash and Cash Equivalents - Beginning of Year	<u>2,299,552</u>	<u>211,998</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,888,606</u>	<u>\$ 2,299,552</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in Net Assets	\$ 426,787	\$ 1,446,719
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	62,748	76,757
Gain on Disposition of Assets	-	(207,299)
Net Gain on Investment Securities	(308)	(974)
(Increase) Decrease in:		
Pledges Receivable	424,799	(340,099)
Grants Receivable	(417,179)	155,508
Prepaid Expense and Other Assets	(33,819)	113,182
Increase (Decrease) in:		
Accounts Payable	1,667	16,439
Deferred Revenue	162,892	(59,525)
Accrued Payroll and Related Liabilities	(22,110)	103,468
Credit Cards Payable	18,757	75,816
Security Deposits	-	(2,750)
Total Adjustments	<u>197,447</u>	<u>(69,477)</u>
Net Cash Provided by Operating Activities	<u>\$ 624,234</u>	<u>\$ 1,377,242</u>

See accompanying Notes to Financial Statements.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2022**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries and Benefits	\$ 1,538,582	\$ 259,635	\$ 194,387	\$ 1,992,604
Staff Education	8,617	420	609	9,646
Information Services	65,064	10,095	4,997	80,156
Marketing and Development	29,215	13,321	999	43,535
Insurance	92,918	16,990	9,580	119,488
Office Expense	56,347	5,465	8,653	70,465
Occupancy	159,649	10,171	3,604	173,424
Professional Services	165,230	13,415	16,962	195,607
Program Related Expenses	1,980,257	4,719	1,189	1,986,165
Repairs and Maintenance	9,837	-	458	10,295
Staff Travel	27,672	13,312	839	41,823
Depreciation	55,846	5,020	1,882	62,748
	<u>\$ 4,189,234</u>	<u>\$ 352,563</u>	<u>\$ 244,159</u>	<u>\$ 4,785,956</u>
Total Functional Expenses				
Special Events Expense	<u>-</u>	<u>\$ 327,567</u>	<u>-</u>	<u>\$ 327,567</u>
Total Expenses	<u>\$ 4,189,234</u>	<u>\$ 680,130</u>	<u>\$ 244,159</u>	<u>\$ 5,113,523</u>
Percent of Total Expenses	81.9 %	13.3 %	4.8 %	100.0 %
Percent of Total Expenses Less Special Events Expenses	87.5 %	7.4 %	5.1 %	100.0 %

See accompanying Notes to Financial Statements.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2021**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries and Benefits	\$ 1,282,411	\$ 235,783	\$ 180,809	\$ 1,699,003
Staff Education	4,594	-	98	4,692
Information Services	24,991	5,467	3,442	33,900
Marketing and Development	33,676	10,572	1,135	45,383
Insurance	74,899	14,606	13,245	102,750
Office Expense	99,529	8,506	4,100	112,135
Occupancy	125,355	7,868	3,420	136,643
Professional Services	49,075	4,242	14,552	67,869
Program Related Expenses	1,207,605	3,963	280	1,211,848
Repairs and Maintenance	5,272	-	-	5,272
Staff Travel	1,562	462	7	2,031
Depreciation	68,313	6,141	2,303	76,757
	<u>\$ 2,977,282</u>	<u>\$ 297,610</u>	<u>\$ 223,391</u>	<u>\$ 3,498,283</u>
Total Functional Expenses				
Special Events Expense	<u>-</u>	<u>\$ 65,865</u>	<u>-</u>	<u>\$ 65,865</u>
Total Expenses	<u>\$ 2,977,282</u>	<u>\$ 363,475</u>	<u>\$ 223,391</u>	<u>\$ 3,564,148</u>
Percent of Total	83.5 %	10.2 %	6.3 %	100.0 %
Percent of Total Expenses				
Less Special Events Expenses	85.1 %	8.5 %	6.4 %	100.0 %

See accompanying Notes to Financial Statements.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Higher Ground Sun Valley, Inc., DBA Higher Ground USA, Inc. (the Organization) is a nonprofit organization located in Ketchum, Idaho, for the purpose of enriching the lives of people with disabilities through sports and recreation. The Organization's mission is accomplished by providing the following two major programs: Higher Ground Veteran Program is a nationally recognized veteran rehabilitation program with locations in Idaho, California, and New York that combines sports, family, and coping therapies to restore and rehabilitate injured men and women of the armed forces. Higher Ground Adaptive Sports serves children, teens, and adults with disabilities who are interested in winter sports, including skiing, snowboarding, sled hockey, and Nordic skiing, and is partnered with the Sun Valley Company. The Higher Ground Adaptive Sports summer programs consist of day camps, cycling, golf, and other activities that serve individuals with physical and cognitive disabilities. These programs empower athletes with cognitive disabilities to be healthy, productive, and respected members of their communities.

The Organization receives the majority of its support in the form of donations from individuals. The Organization 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 the Organization have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for nonprofit 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.

Estimates

The preparation of financial statements in conformity with GAAP 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 Organization treats as cash and cash equivalents demand deposits and all investments with original maturities of 90 days or less.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

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.

Net Assets

The Organization classifies net assets, revenues, gains, and other support based on the existence or absence of donor-imposed restrictions. Net assets are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, such as the accomplishment of a purpose restriction.

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 39 years for buildings and improvements, to 5 to 7 years for furniture, equipment, and vehicles.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier that is more than trivial that must be overcome before the revenue can be earned and recognized; and

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution Revenue (Continued)

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated services are recognized as contributions if the services: (a) 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.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions – Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions – Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotion

The Organization 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 Organization. The costs of advertising and promotion are expensed as incurred. There were no advertising costs for the years ending April 30, 2022 or 2021.

Income Taxes

The Organization 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, is subject to examination by the IRS, generally for three years after it was filed.

Subsequent Events

Management of the Organization evaluated subsequent events through June 14, 2023, the date the financial statements were available to be issued. There were no subsequent events that are required to be disclosed.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 2 CASH AND CASH EQUIVALENTS

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

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents Held at Wells Fargo	\$ 931,771	\$ 1,730,573
Cash Held in Money Market and Cash Funds at Charles Schwab	1,077	1,077
Cash and Cash Equivalents Held at Key Bank	157,372	54,516
Cash and Cash Equivalents Held at DL Evans Bank	1,789,512	500,291
Petty Cash and Other	9,951	13,095
Total	<u>\$ 2,889,683</u>	<u>\$ 2,299,552</u>

Bank balances totaled \$2,923,712 and \$2,344,455 at April 30, 2022 and 2021, of which 26.1% and 53.8% was not 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, 2022, these investment securities were reported at market value of \$675,469, with a related historical cost of \$674,187. During the years ended April 30, 2022 and 2021, net unrealized gains totaled \$308 and \$974. At April 30, 2021, these investment securities were reported at market value of \$675,161, with a related historical cost of \$674,187, and a net unrealized gain of \$974.

NOTE 4 PLEDGES AND GRANTS RECEIVABLE

The Organization has received unconditional promises to give and as of April 30, 2022 and 2021, pledges receivable totaled \$229,000 and \$653,799, respectively. Of these receivables at April 30, 2022 and 2021, \$75,000 and \$225,000 are deemed long-term pledges.

As of April 30, 2022, the Organization had grants receivable of \$417,179. The Organization had no grants receivable as of April 30, 2021. As of April 30, 2020, the Organization had grants receivable in the amount of \$417,179 from the U.S. Department of Veterans Affairs. The total federal grant award from the U.S. Department of Veterans Affairs was \$713,847 of which \$417,179 had been expended and is reflected as a receivable at April 30, 2020, and the remaining amount was expended during the year ended April 30, 2021.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 5 PROPERTY HELD FOR LEASE/ GAIN ON SALE OF ASSETS

The Organization owns office space in Ketchum, Idaho, with a historical cost of \$340,769 with accumulated depreciation of \$110,314, where they were previously headquartered. The Organization outgrew the office space and moved to a new facility in which it leases. The owned property is leased under operating leases which expired in 2022. The property is now leased on a month-to-month basis for \$1,100 per month. Rental income totaled \$13,200 for the year ended April 30, 2022.

As of April 30, 2020, the Organization also owned a condominium unit in Ketchum, Idaho, another unit with a historical cost of \$105,055 and accumulated depreciation of \$45,906. On February 1, 2021, the acquired condominium unit was sold for \$100,000, which resulted in a net gain on sale of \$43,545.

NOTE 6 CREDIT CARDS PAYABLE

The Organization has multiple credit cards through Wells Fargo and American Express with interest rates from 13.99% to 16.99% and a combined credit limit of \$122,300 as of April 30, 2022. 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, 2022 and 2021, totaled \$110,763 and \$92,006, respectively.

NOTE 7 DEFERRED REVENUE

Deferred revenue represents advance payments received for events to be provided in future periods for the annual Hero's Journey fundraising event. As of April 30, 2022 and 2021, the Organization had deferred revenues of \$162,892 and \$-0-, respectively.

NOTE 8 LEASE OBLIGATIONS

Effective January 1, 2019, the Organization entered into an operating lease for office space lease with a written agreement. The lease requires monthly rents of \$7,850 from January 1, 2019, through December 31, 2022. Future minimum lease payments under this operating lease total \$62,800 for 2023.

**HIGHER GROUND SUN VALLEY, INC.
DBA HIGHER GROUND USA, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 8 LEASE OBLIGATIONS/CONDITIONAL PLEDGE (CONTINUED)

Effective October 1, 2019, the Organization 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 three years of the lease term. Future minimum lease payments under this operating lease total \$13,537 for 2023.

Effective February 3, 2015, the Organization entered into a phone system lease. The lease required monthly payments of \$538 through March 3, 2018. The Organization renewed the lease as of April 2018 for a 36-month contract. The base amount paid per month was \$27 plus taxes and fees depending on the number of phones they have. At April 30, 2022, the total amount paid was \$807 per month. The lease expired in April of 2022 and was not renewed.

The Organization leases storage space. The lease requires monthly rents of \$330 from September 1, 2021, through August 31, 2022. Future minimum lease payments under this operating lease total \$1,320 for 2023.

Total rent expense for all operating leases for the years ended April 30, 2022 and 2021, was \$135,941 and \$104,763, respectively.

NOTE 9 NOTE PAYABLE

The Organization had a promissory note with Wells Fargo Bank due in monthly installments of \$1,494 bearing interest at 4.75% and matured on May 15, 2023. The promissory note was paid in full during the fiscal year ended April 30, 2021, and was collateralized by certain real estate.

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:

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Higher Ground Veteran	\$ -	\$ 175,000	\$ 175,000
Adaptive Sports	-	54,000	54,000
Scholarships	52,138	82,731	134,869
Invested in Property and Equipment	566,719	-	566,719
General Operations	3,452,062	-	3,452,062
Total	<u>\$ 4,070,919</u>	<u>\$ 311,731</u>	<u>\$ 4,382,650</u>

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NOTE 10 NET ASSETS (CONTINUED)

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Higher Ground Veteran	\$ -	\$ 887,931	\$ 887,931
Adaptive Sports	-	118,799	118,799
Scholarships	52,138	94,383	146,521
Invested in Property and Equipment	595,364	-	595,364
General Operations	2,207,248	-	2,207,248
Total	<u>\$ 2,854,750</u>	<u>\$ 1,101,113</u>	<u>\$ 3,955,863</u>

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, 2022 and 2021:

	2022	2021
Higher Ground Veteran	\$ 2,180,903	\$ 1,555,948
Adaptive Sports	240,323	300,577
Scholarships	14,652	6,500
Total	<u>\$ 2,435,878</u>	<u>\$ 1,863,025</u>

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following table reflects the Organization's financial assets as of April 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions.

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 2,889,683	\$ 2,299,552
Investment Securities	675,469	675,161
Pledges Receivable, Current Portion	154,000	428,799
Grants Receivable	417,179	-
Total Financial Assets at Year-End	4,136,331	3,403,512
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	311,731	1,101,113
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 3,824,600</u>	<u>\$ 2,302,399</u>

The Organization 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.

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NOTE 12 IN-KIND CONTRIBUTIONS

The Organization 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 GAAP, have not been satisfied.

During the years ended April 30, 2022 and 2021, the Organization received, as noncash contributions, various goods and services used in its programs. These include ski passes, lift tickets, guided fishing trips, food, and other items valued at \$1,169,998 and \$786,148, 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. The Organization provides food, drinks, and lift tickets for participants during the ski season with this donation. As of April 30, 2022 and 2021, the full value of the donation had been utilized.

NOTE 13 PAYCHECK PROTECTION PROGRAM

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small businesses cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. The Organization applied for and received PPP loans of \$626,140 under this program, which were treated as a conditional grant and recognized as refundable advance liability at note issuance. The Organization applied for full loan forgiveness and received forgiveness notification from the SBA that the loans were fully forgiven on November 13, 2020, and March 23, 2021, and thus the income is recognized as other federal grants income on the 2021 financial statements in accordance with ASC 470.

NOTE 14 CONCENTRATION OF CONTRIBUTIONS OR GRANTS

During the years ended April 30, 2022 and 2021, the Organization received 32% and 19% of its donations and grants from two major donors and one major donor, respectively. These donations were received in the form of cash and pledges receivable of \$953,482 in 2022 and \$585,000 in 2021, restricted to the Higher Ground Veteran program.

During the years ended April 30, 2022 and 2021, the Organization received 68% and 55% of its in-kind contributions from one major donor in the form of noncash contributions comprised of ski passes, lift tickets, accommodations, and other items valued at \$799,705 and \$431,905, respectively, from Sun Valley Company.

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NOTE 15 EMPLOYEE BENEFIT PLAN

The Organization sponsors a 403(b) plan for its employees. The plan covers all employees with at least two months of service. Participants can make salary contributions up to the lesser of 100% of their compensation or the IRS maximum limits and the Organization will match up to 3% of these contributions. The Organization's matching contributions charged to expense during the fiscal years ended April 30, 2022 and 2021, were \$36,030 and \$34,267.

NOTE 16 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, or
- 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.

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.

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NOTE 16 FAIR VALUE MEASUREMENTS (CONTINUED)

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 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 Organization 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 \$675,469 and \$675,161 as of April 30, 2022 and 2021, respectively, and were all Level 1. There were no assets or liabilities measured at fair value on a nonrecurring basis as of April 30, 2022 and 2021.



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