

**HIGHER GROUND USA, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED APRIL 30, 2024 AND 2023**



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**HIGHER GROUND USA, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
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 USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2024 and 2023, and the related statements of activities and changes in net assets, 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 USA, Inc. as of April 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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 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 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 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.

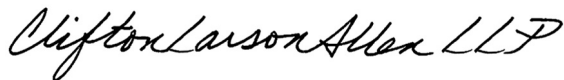
***Auditors' Responsibilities for the Audit of the Financial Statements***

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 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 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.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
May 22, 2025

**HIGHER GROUND USA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**APRIL 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 563,338	\$ 1,584,734
Operating Investments	3,196,133	2,559,324
Current Portion of Contributions Receivable	742,121	558,488
Grants Receivable	104,676	-
Prepaid Expenses and Other Assets	61,381	125,244
Total Current Assets	<u>4,667,649</u>	<u>4,827,790</u>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Building Improvements (Held for Lease)	428,119	378,578
Program Equipment	294,677	254,723
Furniture and Office Equipment	58,832	90,386
Vehicles	267,110	325,496
Accumulated Depreciation	(519,536)	(532,209)
Total	<u>529,202</u>	<u>516,974</u>
Construction in Progress	46,108	70,000
Property and Equipment, Net	<u>575,310</u>	<u>586,974</u>
<b>OTHER ASSETS</b>		
Contributions Receivable, Net Current Portion	136,495	100,000
Operating Right-of-Use Asset	175,418	225,989
Total Other Assets	<u>311,913</u>	<u>325,989</u>
Total Assets	<u><u>\$ 5,554,872</u></u>	<u><u>\$ 5,740,753</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 123,336	\$ 59,846
Accrued Liabilities	60,855	83,610
Credit Cards Payable	88,604	139,058
Security Deposits	250	250
Current Portion of Note Payable	7,500	-
Current Portion of Lease Liability - Operating	51,815	48,644
Total Current Liabilities	<u>332,360</u>	<u>331,408</u>
<b>NONCURRENT LIABILITIES</b>		
Long-Term Note Payable, Net Current Portion	16,875	-
Long-Term Lease Liability - Operating, Net Current Portion	128,897	180,713
Total Noncurrent Liabilities	<u>145,772</u>	<u>180,713</u>
Total Liabilities	<u>478,132</u>	<u>512,121</u>
Without Donor Restrictions	4,861,984	5,000,888
With Donor Restrictions	214,756	227,744
Total Net Assets	<u>5,076,740</u>	<u>5,228,632</u>
Total Liabilities and Net Assets	<u><u>\$ 5,554,872</u></u>	<u><u>\$ 5,740,753</u></u>

See accompanying Notes to Financial Statements.

**HIGHER GROUND USA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED APRIL 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Public Support:			
Donations and Grants	\$ 1,063,101	\$ 1,989,570	\$ 3,052,671
Contributed Nonfinancial Assets	1,378,120	-	1,378,120
Special Fundraising Events, Net of \$448,508 Expenses	973,598	-	973,598
Program Revenue	61,793	-	61,793
Investment Income, Net	134,063	-	134,063
Loss on Sale of Assets	(74,047)	-	(74,047)
Net Assets Released from Restrictions	2,002,558	(2,002,558)	-
Total Revenue and Support	5,539,186	(12,988)	5,526,198
<b>EXPENSES</b>			
Program	4,979,947	-	4,979,947
Fundraising	380,250	-	380,250
Administration	317,893	-	317,893
Total Expenses	5,678,090	-	5,678,090
<b>DECREASE IN NET ASSETS</b>	(138,904)	(12,988)	(151,892)
Net Assets - Beginning of Year	5,000,888	227,744	5,228,632
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,861,984</u>	<u>\$ 214,756</u>	<u>\$ 5,076,740</u>

See accompanying Notes to Financial Statements.

**HIGHER GROUND USA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED APRIL 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Public Support:			
Donations and Grants	\$ 1,241,820	\$ 2,546,723	\$ 3,788,543
Contributed Nonfinancial Assets	1,246,607	-	1,246,607
Special Fundraising Events, Net of \$315,448 Expenses	1,021,925	-	1,021,925
Program Revenue	74,910	-	74,910
Rental Income	6,750	-	6,750
Investment Income, Net	39,497	-	39,497
Loss on Sale of Assets	(37,802)	-	(37,802)
Net Assets Released from Restrictions	2,630,710	(2,630,710)	-
Total Revenue and Support	6,224,417	(83,987)	6,140,430
<b>EXPENSES</b>			
Program	4,640,328	-	4,640,328
Fundraising	372,613	-	372,613
Administration	281,507	-	281,507
Total Expenses	5,294,448	-	5,294,448
<b>INCREASE (DECREASE) IN NET ASSETS</b>	929,969	(83,987)	845,982
Net Assets - Beginning of Year	4,070,919	311,731	4,382,650
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,000,888</u>	<u>\$ 227,744</u>	<u>\$ 5,228,632</u>

See accompanying Notes to Financial Statements.

**HIGHER GROUND USA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED APRIL 30, 2024**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries and Benefits	\$ 1,819,920	\$ 272,390	\$ 252,257	\$ 2,344,567
Staff Education	37,213	1,086	1,290	39,589
Information Services	36,162	8,255	7,807	52,224
Marketing and Development	44,740	6,423	700	51,863
Insurance	115,094	18,968	19,134	153,196
Office Expenses	71,404	8,316	3,081	82,801
Occupancy	205,439	1,877	964	208,280
Professional Services	266,191	18,866	26,312	311,369
Program Related Expenses	2,231,256	3,640	364	2,235,260
Repairs and Maintenance	15,578	-	-	15,578
Staff Travel	30,629	30,872	2,400	63,901
Depreciation	79,832	7,176	2,691	89,699
Facility Campaign Expense	26,489	2,381	893	29,763
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	4,979,947	380,250	317,893	5,678,090
Special Events Expense	<hr/> -	<hr/> 448,508	<hr/> -	<hr/> 448,508
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u><u>\$ 4,979,947</u></u>	<u><u>\$ 828,758</u></u>	<u><u>\$ 317,893</u></u>	<u><u>\$ 6,126,598</u></u>
Percent of Total Expenses	81.3 %	13.5 %	5.2 %	100.0 %
Percent of Total Expenses				
Less Special Event Expenses	87.7 %	6.7 %	5.6 %	100.0 %

See accompanying Notes to Financial Statements.



**HIGHER GROUND USA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED APRIL 30, 2023**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries and Benefits	\$ 1,674,781	\$ 269,107	\$ 231,324	\$ 2,175,212
Staff Education	18,584	291	1,367	20,242
Information Services	45,676	8,449	4,854	58,979
Marketing and Development	18,686	24,449	910	44,045
Insurance	104,782	18,593	17,277	140,652
Office Expense	109,048	8,241	10,283	127,572
Occupancy	246,136	7,210	5,673	259,019
Professional Services	201,433	4,276	7,243	212,952
Program Related Expenses	2,131,450	10,525	-	2,141,975
Repairs and Maintenance	10,685	-	-	10,685
Staff Travel	18,187	16,000	524	34,711
Depreciation	60,880	5,472	2,052	68,404
Total Functional Expenses	4,640,328	372,613	281,507	5,294,448
Special Events Expense	-	315,448	-	315,448
Total Expenses	<u>\$ 4,640,328</u>	<u>\$ 688,061</u>	<u>\$ 281,507</u>	<u>\$ 5,609,896</u>
Percent of Total Expenses	82.7 %	12.3 %	5.0 %	100.0 %
Percent of Total Expenses				
Less Special Event Expenses	87.6 %	7.0 %	5.3 %	100.0 %

See accompanying Notes to Financial Statements.

**HIGHER GROUND USA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED APRIL 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (151,892)	\$ 845,982
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	89,699	68,404
Change in Net Present Value of Promises to Give	13,505	-
Realized and Unrealized Gain on Operating Investments	(136,259)	(26,988)
Noncash Operating Lease Expense	1,926	3,368
Contributions for Purchases of PP&E	-	(150,000)
Loss on Sale of Property and Equipment	74,047	37,802
Changes in Operating Assets and Liabilities:		
Contributions Receivable, Net	(233,633)	(429,488)
Grants Receivable	(104,676)	417,179
Prepaid Expenses and Other Assets	63,863	(42,287)
Accounts Payable	63,490	19,298
Accrued and Credit Cards Payable	(73,209)	(51,999)
Deferred Revenue	-	(162,892)
Net Cash Provided (Used) by Operating Activities	(393,139)	528,379
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Operating Investments	(4,676,261)	(1,856,867)
Proceeds from Sales of Operating Investments	4,175,711	-
Purchases of Property and Equipment	(152,082)	(157,261)
Proceeds from Sales of Property and Equipment	-	30,800
Net Cash Used by Investing Activities	(652,632)	(1,983,328)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Note Payable	30,000	-
Principal Payments on Note Payable	(5,625)	-
Contributions for Purchases of PP&E	-	150,000
Net Cash Provided by Financing Activities	24,375	150,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,021,396)	(1,304,949)
Cash and Cash Equivalents - Beginning of Year	1,584,734	2,889,683
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 563,338</u>	<u>\$ 1,584,734</u>

See accompanying Notes to Financial Statements.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations**

Higher Ground USA, Inc. is a nonprofit organization headquartered in Ketchum, Idaho for the purpose of enriching the lives of people with disabilities through sports and recreation. Higher Ground USA, Inc.'s mission is accomplished by providing two major programs: Higher Ground Veteran and First Responder Program. These are nationally operated and recognized veteran and first responder rehabilitation programs that combine sports and coping therapies to restore and rehabilitate veterans and first responders. Higher Ground Adaptive Sports serves children, teens, and adults with disabilities who participate 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.

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

**Basis of Presentation**

The financial statements of Higher Ground USA, Inc. 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 changes in net assets; 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**

Higher Ground USA, Inc. treats cash and cash equivalents demand deposits and all investments with original maturities of 90 days or less.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**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.

**Contributions Receivable**

A contribution receivable is a promise to make a contribution at a later date. Contributions that include the amount of the promise to give, 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, contributions receivable are discounted to their estimated present value. Discount rate was at 4.87% and 0% for the years ended April 30, 2024 and 2023, respectively. No allowance for uncollectible balances for contributions receivable has been established by management based on Higher Ground USA, Inc.'s historical experience in the collection of balances due. 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**

Higher Ground USA, Inc. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets maintained in perpetuity at April 30, 2024 and 2023.

**Property and Equipment**

Property and equipment are stated at cost. 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.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

Higher Ground USA, Inc. leases office space. Higher Ground USA, Inc. determines if an arrangement is a lease at inception. Operating leases are included in the operating right-of-use (ROU) asset and operating lease liability on the statements of financial position as of April 30, 2024 and 2023.

ROU assets represent the Higher Ground USA, Inc.'s right to use an underlying asset for the lease term and lease liability represent Higher Ground USA, Inc.'s obligation to make lease payments arising from the lease. ROU asset and liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, Higher Ground USA, Inc. uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Higher Ground USA, Inc. will exercise that option. Lease expense for the lease payments is recognized on a straight-line basis over the lease term.

Higher Ground USA, Inc. has elected not to separate nonlease components from lease components and instead accounts for these as a single lease component.

Higher Ground USA, Inc.'s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, Higher Ground USA, Inc. considers factors such as if Higher Ground USA, Inc. has obtained substantially all the rights to the underlying asset through exclusivity, if Higher Ground USA, Inc. can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

**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 barrier that is more than trivial that must be overcome before the revenue can be earned and recognized; and
- 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.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contribution Revenue (Continued)**

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 statements of activities and changes in net assets as net assets released from restrictions.

**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.

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets include donated professional services, donated equipment, and other in kind contributions which are recorded at the respective fair values of the goods or services received (Note 10). In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

**Advertising and Promotion**

Higher Ground USA, Inc. uses advertising and promotion via the following methods: Higher Ground website, brochures, newsletters, newspaper and magazine advertisement, and television programming. The intended purpose is to promote its mission to the community it serves and to reach potential donors. Some promotional exposure is contributed in-kind to Higher Ground USA, Inc. The costs of advertising and promotion are expensed as incurred. There were no advertising costs for the years ended April 30, 2024 or 2023.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

Higher Ground USA, Inc. has been determined by the Internal Revenue Service (IRS) to be exempt from federal income tax under Section 501(a) of the IRC as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. Higher Ground USA, Inc.'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.

**Adoption of New Accounting Standards**

On January 1, 2023, Higher Ground USA, Inc. adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. Higher Ground USA, Inc. adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the financial statements but did result in changes to Higher Ground USA, Inc.'s accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. Higher Ground USA, Inc. also updated its accounting policies for determining the recoverability of accounts receivable.

Management has concluded that credit losses on balances outstanding at year-end will be immaterial.

**Reclassification**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

Subsequent events were evaluated through May 22, 2025, which is the date the financial statements were available to be issued.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 2 CASH AND CASH EQUIVALENTS**

At April 30, the carrying amount of Higher Ground USA, Inc.'s cash and cash equivalents was comprised of the following:

	2024	2023
Cash and Cash Equivalents Held at Wells Fargo	\$ 445,567	\$ 600,850
Cash Held in Money Market and Cash Funds at Charles Schwab	1,098	1,081
Cash Held in Money Market and Cash Funds at Wells Fargo Advisors	-	10,336
Cash and Cash Equivalents Held at Key Bank	17,710	7,342
Cash and Cash Equivalents Held at DL Evans Bank	56,633	959,796
Petty Cash and Other	16,000	5,329
Total	<u>\$ 537,008</u>	<u>\$ 1,584,734</u>

Bank balances totaled \$542,903 and \$1,709,572 at April 30, 2024 and 2023, of which 0% and 26.4% was not covered by federal depository insurance.

The change in cash decreased by \$1,047,726 for the year ended April 30, 2024 mainly due to increased investment in securities (see Note 5).

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The following table reflects Higher Ground USA, Inc.'s financial assets as of April 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions.

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 563,338	\$ 1,584,734
Operating Investments	3,196,133	2,559,324
Current Portion of Contributions Receivable	742,121	558,488
Grants Receivable	104,676	-
Total Financial Assets at Year-End	<u>4,606,268</u>	<u>4,702,546</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	<u>214,756</u>	<u>227,744</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 4,391,512</u>	<u>\$ 4,474,802</u>

Higher Ground USA, 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 four months of operating expenses.



**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 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.

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 Higher Ground USA, Inc. 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.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

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 \$3,196,133 and \$2,559,324 as of April 30, 2024 and 2023, respectively, and were all Level 1. There were no assets or liabilities measured at fair value on a nonrecurring basis as of April 30, 2024 and 2023.

**NOTE 5 OPERATING INVESTMENTS**

Operating investments consist of government debt securities and mutual funds held at Wells Fargo Advisors. At April 30, 2024, these investment securities were reported at market value of \$3,196,133, with a related historical cost of \$3,100,902. At April 30, 2023, these investment securities were reported at market value of \$2,559,324, with a related historical cost of \$2,549,917. During the years ended April 30, 2024 and 2023, net unrealized gains totaled \$85,135 and \$36,169.

Investment assets at fair value as of April 30:

2024				
	Total	Level 1	Level 2	Level 3
Equities	\$ 2,463	\$ 2,463	\$ -	\$ -
Fixed Income Government Bonds	3,193,670	3,193,670	-	-
Total	<u>\$ 3,196,133</u>	<u>\$ 3,196,133</u>	<u>\$ -</u>	<u>\$ -</u>
2023				
	Total	Level 1	Level 2	Level 3
Fixed Income Government Bonds	<u>\$ 2,559,324</u>	<u>\$ 2,559,324</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 CONTRIBUTIONS AND GRANTS RECEIVABLE**

Unconditional contributions receivable are as follows at April 30:

	2024	2023
Within One Year	\$ 742,121	\$ 558,488
In One to Five Years	150,000	100,000
Subtotal	892,121	658,488
Less: Discount to Present Value	(13,505)	-
Total	<u>\$ 878,616</u>	<u>\$ 658,488</u>

At April 30, 2024, 98% of total gross contributions receivable were due from four donors. At April 30, 2023, 98% of total gross contributions receivable were due from five donors.

As of April 30, 2024, Higher Ground USA, Inc. had a grant receivable of \$104,676 which was due from a government agency. Higher Ground USA, Inc. had grants receivable of \$-0- as of April 30, 2023.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 CREDIT CARDS PAYABLE**

Higher Ground USA, Inc. has multiple credit cards through Wells Fargo and American Express with interest rates from 18.49% to 29.99% and a combined credit limit of \$70,300 as of April 30, 2024. 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, 2024 and 2023, totaled \$88,604 and \$139,058, respectively. Overages for both years are related to one credit card. This card does not charge fees for purchases in excess of credit limit.

**NOTE 8 NOTE PAYABLE**

Note payable balance at April 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Note payable, due in monthly installments of \$625, at interest rate of 0.0% with final payment due on July 31, 2027	<u>\$ 24,375</u>	<u>\$ -</u>

Future maturity schedule at April 30, 2024 is as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2025	\$ 7,500
2026	7,500
2027	7,500
2028	1,875
Total	<u>\$ 24,375</u>

**NOTE 9 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:

<u>April 30, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Scholarships	\$ 52,138	\$ 64,756	\$ 116,894
Invested in Property and Equipment	575,310	150,000	725,310
General Operations	4,234,536	-	4,234,536
Total	<u>\$ 4,861,984</u>	<u>\$ 214,756</u>	<u>\$ 5,076,740</u>
<u>April 30, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Scholarships	\$ 52,138	\$ 77,744	\$ 129,882
Invested in Property and Equipment	586,974	150,000	736,974
General Operations	4,361,776	-	4,361,776
Total	<u>\$ 5,000,888</u>	<u>\$ 227,744</u>	<u>\$ 5,228,632</u>

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 9 NET ASSETS (CONTINUED)**

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:

	2024	2023
Higher Ground Veteran	\$ 1,637,979	\$ 2,244,899
Adaptive Sports	351,591	372,324
Scholarships	12,988	13,487
Total	<u>\$ 2,002,558</u>	<u>\$ 2,630,710</u>

**NOTE 10 LEASES – ASC 842**

Higher Ground USA, Inc. leases office facilities. The amounts reported on the statements of financial position as of April 30 are as follows:

	2024	2023
Operating Lease Right-of-Use Assets	\$ 175,418	\$ 225,989
Operating Lease Liability	\$ 180,712	\$ 229,357

The following is a schedule of total future minimum lease payments and the present value of future lease payments for the operating leases at April 30, 2024:

<u>Year Ending April 30,</u>	<u>Amount</u>
2025	\$ 56,454
2026	58,148
2027	59,892
2028	15,195
Total Undiscounted Lease Payments	189,689
Less: Imputed Interest	(8,977)
Total Operating Lease Liability	180,712
Less: Current Portion	51,815
Long-Term Operating Lease Liability	<u>\$ 128,897</u>

Lease costs included in occupancy on the statements of functional expenses are as follows for the year ended April 30:

	2024	2023
Operating Lease Costs	\$ 56,737	\$ 28,368

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 10 LEASES – ASC 842 (CONTINUED)**

Other information related to Higher Ground USA, Inc.'s leases as of April 30 was as follows:

	<u>2024</u>	<u>2023</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Lease	\$ 54,810	\$ 25,000
Right-of-Use Asset Obtained in Exchange for New Operating Lease Liability	\$ -	\$ 248,815
Weighted-Average Remaining Lease Term	3.3 Years	4.3 Years
Weighted-Average Discount Rate	3.04%	3.04%

**NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS**

During the years ended April 30, 2024 and 2023, Higher Ground USA, Inc. 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 \$1,378,120 and \$1,246,607, respectively. The value of these goods and services are reflected as contributed nonfinancial assets and expenses in the statements of activities and changes in net assets.

Each year, the Sun Valley Company donates \$65,000 of goods and services to be charged to a credit account at the resort. Higher Ground USA, Inc. provides food, drinks, and lift tickets for participants during the ski season with this donation. As of April 30, 2024 and 2023, the full value of the donation had been utilized.

Nonfinancial contributions presented in the statements of activities and changes in net assets include the following for years ended April 30:

	<u>2024</u>	<u>2023</u>
Goods	\$ 179,297	\$ 19,111
Services	1,106,993	1,185,139
Subtotal	1,286,290	1,204,250
Donated Auction Items	91,830	42,357
Total	<u>\$ 1,378,120</u>	<u>\$ 1,246,607</u>

Donated goods are recorded at the fair value of the goods at the date of donation based on estimates of fair value or wholesale values that would be received for selling the goods. Donated services are recorded at fair value if they create or enhance nonfinancial assets or if they consist of specialized skills that would have to be purchased if they were not donated. The estimated value of these services is based on information provided by the service provider, who estimates the fair value based on date, time, and market in which the service is provided. There were no donor-imposed restrictions associated with all contributed nonfinancial assets in 2024 and 2023.

**HIGHER GROUND USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2024 AND 2023**

**NOTE 12 FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, which are allocated on the basis of time and effort, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of an internally developed allocation standard.

**NOTE 13 CONCENTRATION OF CONTRIBUTIONS OR GRANTS**

Approximately 39% and 38% of total contributions and grants were from two donors at April 30, 2024 and 2023, respectively. These donations were received in the form of cash and contributions receivable of \$1,204,169 and \$1,157,544 in 2024 and 2023, respectively, which were restricted to the Higher Ground Veteran program.

During the years ended April 30, 2024 and 2023, approximately 69% and 70% of total contributed nonfinancial assets, respectively, were from one donor which include ski passes, lift tickets, accommodations, and other items valued at \$948,974 and \$874,009, respectively, from Sun Valley Company.

**NOTE 14 EMPLOYEE BENEFIT PLAN**

Higher Ground USA, Inc. 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 Higher Ground USA, Inc. will match up to 3% of these contributions. Higher Ground USA, Inc.'s matching contributions charged to expense during the years ended April 30, 2024 and 2023, were \$46,547 and \$45,315, respectively.

**NOTE 15 RELATED PARTY TRANSACTIONS**

Higher Ground USA, Inc. received donations totaling \$216,790 and \$301,232 from its board members for the years ended April 30, 2024 and 2023, respectively.

**NOTE 16 FUTURE COMMITMENT**

As of April 30, 2024 and 2023, Higher Ground USA, Inc. had an outstanding commitment of \$53,842 and \$-0-, respectively, for the development of a campus.

