



**Financial Statements
with
Independent Auditors' Report**

June 30, 2022 and 2021

GALLATIN VALLEY LAND TRUST
Table of Contents
June 30, 2022 and 2021

Independent Auditors' Report..... 1 and 2

Financial Statements

Statements of Financial Position.....3 and 4

Statements of Activities5 and 6

Statements of Functional Expenses7 and 8

Statements of Cash Flows.....9

Notes to the Financial Statements..... 10 to 27



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Gallatin Valley Land Trust

Opinion

We have audited the accompanying financial statements of Gallatin Valley Land Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021 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 Gallatin Valley Land Trust as of June 30, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gallatin Valley Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Gallatin Valley Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gallatin Valley Land Trust'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 Gallatin Valley Land Trust'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.

Rudd & Company, PLLC

Bozeman, Montana
December 16, 2022

GALLATIN VALLEY LAND TRUST
Statement of Financial Position
As of June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 454,674	\$ 1,357,390	\$ 1,812,064
Grants receivable	50,000	-	50,000
Pledges receivable	20,650	9,417	30,067
Prepaid expenses	27	-	27
Inventory	12,954	-	12,954
Security deposit	7,985	-	7,985
Total Current Assets	<u>546,290</u>	<u>1,366,807</u>	<u>1,913,097</u>
Property and equipment, net of accumulated depreciation	<u>3,494</u>	<u>-</u>	<u>3,494</u>
Other Assets			
Investments	2,324,594	3,758,600	6,083,194
Certificate of deposits, long term	970,433	-	970,433
Note receivable	320,308	-	320,308
Land held for conservation (Note 5)	410,000	-	410,000
Total Other Assets	<u>4,025,335</u>	<u>3,758,600</u>	<u>7,783,935</u>
Total Assets	<u>\$ 4,575,119</u>	<u>\$ 5,125,407</u>	<u>\$ 9,700,526</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 77,092	\$ -	\$ 77,092
Payroll liabilities	2,091	-	2,091
Accrued vacation	21,594	-	21,594
Refundable advance	-	150,000	150,000
Other liabilities	12,237	-	12,237
Total Current Liabilities	<u>113,014</u>	<u>150,000</u>	<u>263,014</u>
Total Liabilities	<u>113,014</u>	<u>150,000</u>	<u>263,014</u>
Net Assets			
Without Donor Restrictions	3,620,083	-	3,620,083
Without Donor Restrictions - Board Designated	842,022	-	842,022
With Donor Restrictions	-	4,975,407	4,975,407
Total Net Assets	<u>4,462,105</u>	<u>4,975,407</u>	<u>9,437,512</u>
Total Liabilities and Net Assets	<u>\$ 4,575,119</u>	<u>\$ 5,125,407</u>	<u>\$ 9,700,526</u>

The accompanying notes are an integral part of these statements.

GALLATIN VALLEY LAND TRUST
Statement of Financial Position
As of June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,307,957	\$ 377,425	\$ 1,685,382
Pledges receivable	6,000	26,667	32,667
Other receivable	1,156	-	1,156
Prepaid expenses	1,308	-	1,308
Inventory	7,445	-	7,445
Security deposit	7,985	-	7,985
Total Current Assets	<u>1,331,851</u>	<u>404,092</u>	<u>1,735,943</u>
Property and equipment, net of accumulated depreciation	<u>11,478</u>	<u>-</u>	<u>11,478</u>
Other Assets			
Investments	813,137	4,228,102	5,041,239
Certificate of deposits, long term	1,139,179	-	1,139,179
Land held for conservation (Note 5)	1,162,000	-	1,162,000
Total Other Assets	<u>3,114,316</u>	<u>4,228,102</u>	<u>7,342,418</u>
Total Assets	<u>\$ 4,457,645</u>	<u>\$ 4,632,194</u>	<u>\$ 9,089,839</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 29,068	\$ -	\$ 29,068
Payroll liabilities	1,659	-	1,659
Accrued vacation	14,947	-	14,947
Refundable advance	-	35,000	35,000
Other liabilities	414	-	414
Total Current Liabilities	<u>46,088</u>	<u>35,000</u>	<u>81,088</u>
Total Liabilities	<u>46,088</u>	<u>35,000</u>	<u>81,088</u>
Net Assets			
Without Donor Restrictions	4,161,255	-	4,161,255
Without Donor Restrictions - Board Designated	250,302	-	250,302
With Donor Restrictions	<u>-</u>	<u>4,597,194</u>	<u>4,597,194</u>
Total Net Assets	<u>4,411,557</u>	<u>4,597,194</u>	<u>9,008,751</u>
Total Liabilities and Net Assets	<u>\$ 4,457,645</u>	<u>\$ 4,632,194</u>	<u>\$ 9,089,839</u>

The accompanying notes are an integral part of these statements.

GALLATIN VALLEY LAND TRUST
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues			
Contributions	\$ 1,964,398	\$ 1,049,620	\$ 3,014,018
Grants	120,000	744,635	864,635
Program fees	136,503	-	136,503
Other revenue	3,513	-	3,513
Fundraising events	55,456	133,000	188,456
Investment and interest income, net	(103,380)	(584,501)	(687,881)
In-kind contributions	19,334	-	19,334
Satisfaction of program restrictions (Note 7)	964,541	(964,541)	-
Total Revenue and Support	3,160,365	378,213	3,538,578
Expenses			
Support services:			
General and administrative	179,915	-	179,915
Fundraising	313,912	-	313,912
Program services:			
Trails	973,056	-	973,056
Education	107,567	-	107,567
Land conservation	1,535,367	-	1,535,367
Total Expenses	3,109,817	-	3,109,817
Change in Net Assets	50,548	378,213	428,761
Net Assets, Beginning of Year	4,411,557	4,597,194	9,008,751
Net Assets, End of Year	\$ 4,462,105	\$ 4,975,407	\$ 9,437,512

The accompanying notes are an integral part of these statements.

GALLATIN VALLEY LAND TRUST
Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues			
Contributions	\$ 636,060	\$ 311,712	\$ 947,772
Grants	246,777	294,251	541,028
Program fees	97,267	-	97,267
Other revenue	163,331	-	163,331
Fundraising events	85,360	-	85,360
Investment and interest income	196,283	1,002,103	1,198,386
In-kind contributions	174,493	-	174,493
Satisfaction of program restrictions and release of endowment earnings (Note 7)	406,535	(406,535)	-
Total Revenue and Support	2,006,106	1,201,531	3,207,637
Expenses			
Support services:			
General and administrative	196,804	-	196,804
Fundraising	277,677	-	277,677
Program services:			
Trails	295,850	-	295,850
Education	125,533	-	125,533
Land conservation	602,846	-	602,846
Total Expenses	1,498,710	1,201,531	1,498,710
Change in Net Assets	507,396	1,201,531	1,708,927
Net Assets, Beginning of Year	3,904,161	3,395,663	7,299,824
Net Assets, End of Year	\$ 4,411,557	\$ 4,597,194	\$ 9,008,751

The accompanying notes are an integral part of these statements.

GALLATIN VALLEY LAND TRUST
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Support Services		Program Services			Totals
	General and Administrative	Fundraising	Trails	Education	Land Conservation	
Salaries and wages	\$ 121,932	\$ 174,692	\$ 203,154	\$ 62,675	\$ 457,652	\$ 1,020,105
Payroll taxes	9,099	14,616	19,100	5,195	39,352	87,362
Employee benefits	6,598	16,887	18,750	7,610	42,224	92,069
Contractors and materials	443	1,803	235,256	6,025	21,806	265,333
Skogen property transfer	-	-	-	-	752,000	752,000
Peets Hill purchase	-	785	431,873	-	11,565	444,223
Dues and licenses	39	144	285	197	19,652	20,317
Accounting fees	12,073	7,094	4,937	1,609	9,143	34,856
Bank and credit card fees	6,881	41	28	10	3,910	10,870
Legal fees	403	-	15	-	5,643	6,061
Easement expenses	-	-	-	-	81,497	81,497
Supplies	105	391	610	89	257	1,452
Postage and printing	481	6,546	1,250	736	2,641	11,654
Occupancy	9,167	33,733	25,488	8,118	43,310	119,816
Vehicles	-	-	4,624	-	159	4,783
Travel	781	284	3,536	352	3,712	8,665
Constituent support	1,355	4,916	2,733	1,784	4,132	14,920
Outreach and promotions	810	4,451	2,627	5,220	4,142	17,250
Member events	-	27,976	51	1,183	-	29,210
Depreciation	219	818	4,454	186	2,307	7,984
Insurance	1,180	4,456	2,955	1,214	11,472	21,277
Professional development	5,322	1,807	3,494	1,161	4,463	16,247
Technology	3,027	12,472	7,836	4,203	14,328	41,866
Total	\$ 179,915	\$ 313,912	\$ 973,056	\$ 107,567	\$ 1,535,367	\$ 3,109,817

The accompanying notes are an integral part of these statements.

GALLATIN VALLEY LAND TRUST
Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Support Services</u>		<u>Program Services</u>			<u>Totals</u>
	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Trails</u>	<u>Education</u>	<u>Land Conservation</u>	
Salaries and wages	\$ 139,216	\$ 165,881	\$ 162,096	\$ 64,923	\$ 342,623	\$ 874,739
Payroll taxes	13,504	14,241	15,812	5,503	29,124	78,184
Employee benefits	16,117	15,564	18,362	7,316	29,000	86,359
Contractors and materials	-	254	45,675	23,476	16,474	85,879
Dues and licenses	-	170	525	535	16,545	17,775
Accounting fees	9,388	522	346	144	512	10,912
Bank and credit card fees	550	2,077	1,374	571	2,035	6,607
Legal fees	2	6	4	2	1,831	1,845
Easement expenses	-	-	-	-	90,463	90,463
Supplies	662	1,939	1,256	517	1,844	6,218
Postage and printing	473	3,316	184	2,433	2,571	8,977
Occupancy	9,011	34,050	22,526	9,357	33,356	108,300
Vehicles	-	-	2,471	-	496	2,967
Travel	137	198	826	44	1,309	2,514
Constituent support	935	3,677	2,028	846	3,124	10,610
Outreach and promotions	1,002	4,877	2,505	3,639	3,710	15,733
Member events	-	5,652	20	175	-	5,847
Depreciation	322	1,218	6,306	335	2,967	11,148
Insurance	1,003	3,791	2,661	1,042	10,395	18,892
Professional development	443	1,274	771	430	2,025	4,943
Technology	4,037	18,970	10,102	4,245	15,142	52,496
Bad debt expense	2	-	-	-	(2,700)	(2,698)
Total	\$ 196,804	\$ 277,677	\$ 295,850	\$ 125,533	\$ 602,846	\$ 1,498,710

The accompanying notes are an integral part of these statements.

GALLATIN VALLEY LAND TRUST
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 428,761	\$ 1,708,927
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	7,984	11,148
In-kind contribution of land	-	(160,000)
Donation of land to USFS	752,000	-
Unrealized and realized losses (gains) on investments	781,643	(1,101,766)
Forgiveness of Paycheck Protection Program loan	-	(160,000)
(Increase) decrease in current assets		
Grants receivable	(50,000)	10,317
Pledges receivable	2,600	(17,667)
Stewardship fees receivable	-	17,300
Other receivables	1,156	(580)
Prepaid expenses	1,281	-
Inventory	(5,509)	2,861
Increase (decrease) in current liabilities		
Accounts payable	48,024	9,036
Payroll liabilities	432	(370)
Accrued vacation	6,647	(8,367)
Refundable advance	115,000	-
Other current liabilities	11,823	318
Net Cash Provided by Operating Activities	<u>2,101,842</u>	<u>311,157</u>
Cash Flows from Investing Activities		
Purchase of investments	(1,823,598)	(1,211,883)
Proceeds from sale of investments	-	1,149,283
Proceeds from sale of certificate of deposits	168,746	786,204
Purchase of property and equipment	-	(2,000)
Purchase of land	-	(245,000)
Issuance of note receivable	(320,308)	-
Net Cash Provided (Used) by Investing Activities	<u>(1,975,160)</u>	<u>476,604</u>
Net increase in cash and cash equivalents	126,682	787,761
Cash and cash equivalents and restricted cash, Beginning of Year	<u>1,685,382</u>	<u>897,621</u>
Cash and cash equivalents and restricted cash, End of Year	<u>\$ 1,812,064</u>	<u>\$ 1,685,382</u>
Supplemental Disclosure of Cash Flow Information		
Forgiveness of Paycheck Protection Program Loan	\$ -	\$ 160,000

The accompanying notes are an integral part of these statements.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

1. Activities and Significant Accounting Policies

Organization

Gallatin Valley Land Trust (“GVLТ”) (“Organization”) is a non-profit membership organization dedicated to the conservation of open space, agricultural land, wildlife habitat, and the creation of public trails in Southwest Montana. GVLТ receives support from member contributions, grants, pledges, fees for service associated with programming, and stewardship contributions. The primary purposes of the Organization are to accept, monitor, and defend conservation easements; establish community trails; and provide education about the options for and benefits of conservation and community trails.

Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, as codified by the Financial Accounting Standards Board. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions represents net amounts that have been earned and expended according to contract restrictions and net amounts from general activities without donor restrictions. The Board of Directors has voluntarily designated \$842,022 and \$250,302 of net assets without donor restrictions as of June 30, 2022 and 2021, respectively.

Net assets with donor restrictions represents net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization had \$4,975,407 and \$4,597,194 net assets with donor restrictions as of June 30, 2022 and 2021, respectively. Donor restrictions primarily relate to contributions for an endowment or programs. Generally, the donors of these assets permit GVLТ to use income earned on investments for general or specific purposes.

GVLТ had \$1,450,553 and \$1,350,553 of net assets restricted in perpetuity as of June 30, 2022 and 2021, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, GVLТ considers all highly liquid investments with a maturity at purchase of three months or less to be cash equivalents, including those investments that are designated as restricted by donors. Balances held with a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2022 and 2021, cash and cash equivalents held in commercial banks in excess of the Federal Deposit Insurance Corporation limits were \$1,315,915 and \$1,182,795, respectively. The increase in cash and cash equivalents in excess of FDIC limits from June 30, 2021 to June 30, 2022 relates to maturities of certificate of deposits. GVLТ believes it is not exposed to any significant credit risk on its cash balances. Certificate of deposits, long term, are presented separately as the maturity periods are over three months.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

1. Activities and Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investments held in securities are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. As of June 30, 2022 and 2021, \$3,273,276 and \$4,356,313 were above the SIPC insurance, respectively. As part of their investment balance, in fiscal year June 30, 2022 and 2021, GVLT maintains cash and cash equivalents at a brokerage firm that are fully insured by a Bank Insured Deposit Program.

Receivables

Grants receivable and pledges receivable are measured at fair value on the date a written unconditional promise to give is received from the donor. The fair value is measured using an income approach which incorporates inputs including estimated timing of cash receipts and an appropriate present value discount factor if receivables are expected to be collected in future years. Conditional grants and pledges are not recognized until they become unconditional, that is, when the conditions on which they depend on are substantially met. As of June 30, 2022 and 2021, all grants and pledges receivable are considered current as they are expected to be collected within one year. GVLT uses the direct write-off method to determine uncollectible unconditional pledges and grants receivable. This approximates management's best estimate of an allowance for grants receivable and most pledges receivable. The use of this method does not result in a material difference from the allowance method required by accounting principles generally accepted in the United States. For the years ended June 30, 2022 and 2021, all grants and pledges receivable were considered fully collectible.

Stewardship pledges receivable are also measured at fair value on the date a written unconditional promise to give is received from the donor or landowner. These receivables relate to current easement projects and may be received over more than one year. As of June 30, 2022, stewardship pledges receivable are expected to be collected within one year and are considered current. GVLT uses a 15% allowance to account for the possibility that a pledge is deemed uncollectible unless circumstances provide a basis for increasing the allowance on a specific pledge. The allowance may be adjusted for specific pledges if warranted. For the years ended June 30, 2022 and 2021, the allowance for doubtful accounts was \$0 for both years.

Inventory

Inventory, which consists primarily of logo wear, guidebooks and trail maps, are valued at the lower of cost or net realizable value. Cost is determined on the first in first out method.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

1. Activities and Significant Accounting Policies (continued)

Note Receivable

The note receivable consists of the outstanding loan balance, including accrued interest, due to GVLТ from the City of Bozeman as a result of the joint purchase of Peets Hill. Though the purchase was jointly financed by the City of Bozeman and GVLТ, the City is the legal owner of the property. Simple interest accrues on the outstanding principal balance at the rate of 3.75% per annum. Interest income is recorded by GVLТ monthly. During the year ended June 30, 2022, interest income related to the note receivable was \$5,308.

At the maturity date, January 18, 2024, the accrued interest and outstanding principal must be paid in full. A 2% penalty will be applied on any outstanding principal at the maturity date, and interest will accrue on the outstanding amount at a rate of 10% per annum. There is no prepayment penalty on the note receivable, so the City may repay the loan early. For the year ended June 30, 2022, the balance is considered fully collectible.

Fixed Assets and Depreciation

Purchased assets and assets leased under capital leases over the capitalization policy of \$2,000 are carried at their historical cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as without donor restricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, GVLТ reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. GVLТ reclassifies with donor restricted net assets to without donor restricted net assets at that time. Depreciation of equipment and assets under capital leases is provided over the estimated useful lives of the respective assets on the straight-line method. Operating leases for equipment are expensed over the life of the lease. Estimated useful lives of the fixed assets are as follows:

Leasehold improvements	5 years
Furniture and equipment	3-5 years
Vehicles	3-5 years

Property Held for Conservation Purposes

Land held for conservation purposes includes property to be sold or transferred to governmental agencies or other organizations for conservation purposes or to be maintained as a nature preserve with public recreational access. Land held for conservation is reported at cost when purchased and at fair market value on the date received when acquired by donation or bargain sale. When the land is purchased at a bargain sale, that is, when the purchase price is below the appraised value, an in-kind contribution is recorded for the difference between the purchase price and the appraised value.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

1. Activities and Significant Accounting Policies (continued)

Conservation Easements and Stewardship

As of June 30, 2022, GVLT holds 122 conservation easements on properties in Gallatin, Park, and Madison Counties, protecting in perpetuity 52,252 acres of working farms and ranches, wildlife habitat, river corridors, and open space. Each easement property is monitored annually for compliance, including personal site visits and interviews with the landowner. Four new easements were acquired during the year ended June 30, 2022 to protect 1,730 acres.

Conservation easements accepted by GVLT are not recorded as assets or revenues, because the conservation easements provide GVLT with neither value nor any affirmative rights other than monitoring and enforcing the easement.

Revenue Recognition

Contributions

Contributions are recognized when the donor makes a promise to give to GVLT that is, in substance, unconditional. Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. Contributions of donor-restricted gifts are recognized at the time of the gift. Contributions restricted for long-term stewardship of conservation properties are generally not property-specific.

The gifts are reported as either net assets without donor restrictions or net assets with donor restrictions if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants

The Organization receives grants from public agencies, as well as private organizations and individuals, to be used for specific programs or purposes, which may include general operations. Unconditional grant awards are recorded as grant revenue in the period in which they are awarded. Grants having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provided, are classified as restricted grant revenue until the conditions are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended for the purposes of the grant or other conditions are satisfied.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

1. Activities and Significant Accounting Policies (continued)

Revenue Recognition (continued)

Fundraising Events

Revenue from fundraising events consist of event ticket sales, sponsorships, and auction item sales. Ticket sales are comprised of an exchange element based on the values of benefits provided, and a contribution element for the difference between the total ticket paid and the exchange element. Sponsorships are a contribution but for some events they may entitle the sponsor to a specified number of event tickets, in which case a portion of the sponsorship is an exchange transaction similar to a ticket sale and the remainder is a contribution. Auction item sales are an exchange transaction up to the fair market value of the auction package and anything beyond is a contribution. Management has deemed the exchange element not material to the overall financial statements; therefore, all of the income from fundraising events is classified as fundraising events revenue on the statement of activity.

Ticket sales and sponsorships related to fundraising events are recognized as event income when money is received as the majority of the transaction is considered to be a contribution. Auction item sales are not recognized as revenue until the event occurs. The donation of items and professional services necessary for fundraising events are recorded as in-kind contributions at the time of the event.

Program Fees

Fees for services associated with programs are recognized at the time of billing. Project reimbursements are invoiced upon substantial completion of the project. Reimbursements are often arranged for due diligence on new conservation easement projects, cost-share land enhancements on existing easement properties, contracted services such as monitoring easement properties for other groups and trail work on some private properties.

Contributed Services

GVLТ recognizes contributed services at their fair market value if the services have value to the Organization and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

1. Activities and Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Whenever possible, costs are included in a function on a basis of specific identification. When that is not practical, certain costs are allocated among the functions benefited. The expenses are allocated on a reasonable basis that is consistently applied. Below is a table indicating the allocation of different categories to functions:

Expense	Allocation Basis
Salaries and wages, payroll taxes and benefits, contractors and materials, dues and licenses, memberships, vehicles, travel, professional development, legal fees, CE expense and member events	Expenses received and charged directly to the appropriate program activities, fundraising or general and administrative cost based on usage of the expenses.
Accounting fees	Audit and tax preparation expenses are general and administrative and the remaining are allocated based on estimated distribution of employee effort spent in each department.
Postage and printing, outreach and promotions, constituent support, insurance and depreciation	Expenses are allocated based on a combination of actual and estimated distribution of employee effort spent in each department.
Occupancy, technology and supplies	Expenses are allocated based on estimated distribution of employee effort spent in each department.

Advertising

Advertising, i.e. Outreach and Promotions, costs are expensed as incurred.

With Donor Restricted Net Assets in Perpetuity

The Endowment Fund is a depository for donor-restricted gifts received by GVLТ. The principal of such gifts is restricted in perpetuity. The income from the endowment funds may be used for purposes designated by the GVLТ Board of Directors to accomplish the Organization's exempt purposes. Those purposes include, but are not limited to, the protection, preservation, and enhancement of the lands adjacent to river and creek corridors, wildlife habitat, recreational opportunities, scenic open space, agricultural land and historic sites; the acquisition of real and personal property including easements and conservation easements; and the acquisition, conservation, holding, and disposal of land and interests in land.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

1. Activities and Significant Accounting Policies (continued)

Income Taxes

GVLТ is a nonprofit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). The Organization's information returns (Form 990) are open to examination by the IRS, generally, for three years after they were filed or the due date of the return, whichever is later.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Adoption of New Accounting Standard

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The Organization adopted this standard, as amended, retrospectively for the fiscal year ended June 30, 2022. The standard did not have a material impact on the financial statements. The Organization has updated disclosures as necessary. See Note 8.

Subsequent Events

Management has evaluated subsequent events through December 16, 2022, the date which the financial statements were available for release.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

2. Investments

FASB ASC 820, Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value. The levels of inputs are as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Investments as of June 30, 2022 consist of the following:

	Cost	Gross Unrealized Gains/(Losses)	Fair Value
Marketable securities - Level 1:			
Bank insured deposit	\$ 102,988	\$ -	\$ 102,988
Fixed income			
U.S. Treasury Notes	1,622,518	(13,002)	1,609,516
Exchange traded funds			
Large value equity	78,217	34,600	112,817
Mutual funds			
Bond funds	1,395,363	(91,950)	1,303,412
Foreign large-cap blend funds	663,718	(3,824)	659,894
Large-cap growth funds	396,705	330,362	727,067
Large-cap value funds	709,527	309,510	1,019,037
Small-cap growth funds	149,181	44,338	193,519
Small-cap value funds	265,993	88,951	354,944
	\$ 5,384,210	\$ 698,985	\$ 6,083,194

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

2. Investments (continued)

Investments as of June 30, 2021 consist of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains/(Losses)</u>	<u>Fair Value</u>
Marketable securities - Level 1:			
Bank insured deposit	\$ 65,824	\$ -	\$ 65,824
Exchange traded funds			
Large value equity	78,217	40,885	119,102
Mutual funds			
Bond funds	1,334,338	39,541	1,373,877
Foreign large-cap blend funds	643,627	182,538	826,165
Large-cap growth funds	382,128	539,107	921,235
Large-cap value funds	694,575	353,833	1,048,408
Small-cap growth funds	126,776	135,978	262,754
Small-cap value funds	257,856	166,018	423,874
	<u>\$ 3,583,341</u>	<u>\$ 1,457,900</u>	<u>\$ 5,041,239</u>

Components of investment, interest and dividend income for the years ended June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 118,973	\$ 123,628
Realized and unrealized (losses) gains	(781,643)	1,101,766
Investment fees	(25,211)	(27,008)
	<u>\$ (687,881)</u>	<u>\$ 1,198,386</u>

3. Endowment

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During the years ended June 30, 2022 and 2021, fees for management of endowment funds were \$10,732 and \$10,878, respectively.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

3. Endowment (continued)

Interpretation of Relevant Law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, GVLT classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by GVLT in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, GVLT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of GVLT and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of GVLT; and
- (7) The investment policies of GVLT.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires GVLT to retain as a fund of perpetual direction. As of June 30, 2022 and 2021, the endowment had no such deficiency.

Return Objectives and Risk Parameters

GVLT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that GVLT must hold in perpetuity or for a donor-specified period(s). GVLT expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, GVLT relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). GVLT targets a broad asset allocation and will use primarily index funds to achieve its long-term return objectives within prudent risk constraints.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

3. Endowment (continued)

The acceptable asset allocation is as follows:

	<u>Acceptable Range</u>
Equity Index	70%
Bond	30%

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization reviews the endowment account statements and the returns of the endowment accounts annually to determine if the income from these accounts has reached a level which is significant to the overall operating budget. Upon this review, the Board of Directors may approve distributions within the parameters of the Organization's endowment and investment policies.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Income</u>	<u>With Donor Restrictions - Corpus</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 572,518	\$ 1,450,553	\$ 2,023,071
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Income</u>	<u>With Donor Restrictions - Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 884,637	\$ 1,350,553	\$ 2,235,190
Contributions	-	-	100,000	100,000
Investment Return:				
Investment income, net	-	28,832	-	28,832
Net depreciation	-	(340,951)	-	(340,951)
Release per spending policy	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 572,518</u>	<u>\$ 1,450,553</u>	<u>\$ 2,023,071</u>

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

3. Endowment (continued)

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Income</u>	<u>With Donor Restrictions - Corpus</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 884,637	\$ 1,350,553	\$ 2,235,190
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Income</u>	<u>With Donor Restrictions - Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 391,763	\$ 1,350,553	\$ 1,742,316
Investment Return:				
Investment income, net	-	23,247	-	23,247
Net appreciation	-	518,127	-	518,127
Release per spending policy	-	(48,500)	-	(48,500)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 884,637</u>	<u>\$ 1,350,553</u>	<u>\$ 2,235,190</u>

4. Fixed Assets

Fixed assets at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Furniture and Equipment	\$ 34,655	\$ 34,655
Vehicles	37,900	37,900
	72,555	72,555
Less: Accumulated Depreciation	<u>(69,061)</u>	<u>(61,077)</u>
	<u>\$ 3,494</u>	<u>\$ 11,478</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was \$7,984 and \$11,148, respectively.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

5. Conservation Land Holdings

During the year ended June 30, 2022, the Organization conserved 1,730 acres of land in the Gooch Hill, Churchill, North Bridger Mountains, and Big Sky areas. The Organization also continued their integrated conservation and recreation project model by purchasing a 0.6 mile easement along the Bridger Mountains ridgeline to forever protect public access along the nationally celebrated Bridger Ridge Trail.

During the year ended June 30, 2022, the Organization also facilitated the acquisition of the 12-acre Peets Hill Property in collaboration with the City of Bozeman. Though the parcel was transferred directly to the City and the City is the legal owner of the property, significant revenue and expenses associated with the project, including a note receivable due to the Organization from the City, appear in the financial statements of the Organization. Improvement of new trails and facilities on the parcel will be completed in fiscal years 2023 and 2024 and will also be partially or fully funded by the Organization through restricted funds raised during the year ended June 30, 2022.

During the year ended June 30, 2021, the Organization completed the acquisition of the Gaffney property for a purchase price of \$250,000. The fair market value of the land acquired was \$410,000, determined by an independent appraisal near the closing date of the sale. The difference between the purchase price and the fair market value of the land of \$160,000 was recorded by the Organization as an in-kind contribution on the statement of activities. The total fair market value of the land was capitalized and recorded as an asset on the statement of financial position as of June 30, 2022 and 2021.

During the year ended June 30, 2020, the Organization completed the acquisition of the Skogen property for a purchase price of \$300,000. The fair market value of the land acquired was \$752,000, determined by an independent appraisal near the closing date of the sale. The difference between the purchase price and the fair market value of the land of \$452,000, was recorded by the Organization as an in-kind contribution on the statement of activities. The total fair market value of the land was capitalized and recorded as an asset on the statement of financial position as of June 30, 2020. During the year ended June 30, 2022, the Organization transferred the 160-acre Skogen property to the United States Forest Service for inclusion into the Custer-Gallatin National Forest. The disposal of the property was recorded as Program services expense on the statement of activities for the year ended June 30, 2022.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

6. Board Designated Net Assets

The net assets without donor restrictions of GVLТ are available to be used to fund the general operations of the Organization, as well as to supplement the funding of its major programs. In addition, the Organization's Board of Directors has set aside, or designated, certain unrestricted net assets as an operating reserve which can only be used under the direction and approval of the Board.

Opportunity Fund – This Board designated fund allows GVLТ to be agile, nimble, and responsive to development pressure with funding to seize urgent land conservation and trail opportunities as they arise. As of June 30, 2022 and 2021, the balance in the Opportunity Fund was \$733,154 and \$141,434, respectively.

Reserve Fund – This Board designated fund is an internal source of funds to smooth out cash flow during low income months, make up for an unanticipated loss in funding, and invest in one-time, nonrecurring expenses to build long-term capacity. As of June 30, 2022 and 2021, the balance in the Reserve Fund was \$108,868.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2022 and 2021:

Purpose Restrictions:	<u>2022</u>	<u>2021</u>
Endowment - corpus	\$ 1,450,553	\$ 1,350,553
Stewardship/defense fund	1,794,200	2,016,791
Unreleased endowment earnings	572,518	884,637
Peets Hill	386,868	16,839
Rockhill Project - to be reassigned or redirected	380,000	-
Evening on the Land	118,309	-
AMB West - Paradise Valley Project Costs	89,001	89,001
Gaffney property	69,222	77,918
AMB West - Paradise Valley Outreach	33,670	32,100
East-West Connector	29,971	11,234
Kendeda - Development Capacity	15,499	25,368
REI - Bikefill	10,000	10,000
Lands Program	10,300	-
Gianforte Family Foundation	10,000	5,000
Trail weed management	2,500	-
Trail Ambassador	751	-
Gallagator Broadway Connector	645	645
LTA	500	-
Manhattan Trails	500	500
Snowfill	400	400
City of Bozeman - Covid	-	42,906
Front Street	-	20,000
Cross Foundation - Gaffney property	-	5,630
Hospital trails	-	4,010
Cinnabar	-	2,740
Skogen property	-	780
BACF	-	142
	<u> </u>	<u> </u>
Total	<u>\$ 4,975,407</u>	<u>\$ 4,597,194</u>

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

8. Donated Services and Materials

Contributions of services are recognized in the financial statements if services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers who help with various projects provide in-kind support. For the years ended June 30, 2022 and 2021, the numbers of hours for these contributed services were 2,309 and 2,466, respectively. These contributed services are not recorded in these financial statements.

Donations of materials, land, and other nonfinancial assets are recorded as support without donor restriction at their estimated fair value based upon current market rates for similar materials at the time of receipt.

In-kind donations were utilized for Education and Trails program services, fundraising and administrative purposes. The following in-kind donations were recognized as expenses or capitalized for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Constituent support	\$ 2,190	\$ -
Contractors and materials	14,000	11,011
Land	-	160,000
Occupancy	-	157
Outreach and promotions	1,486	500
Property and equipment	-	2,000
Technology	1,658	825
	<u>\$ 19,334</u>	<u>\$ 174,493</u>

9. Deferred Gift Annuity

As of June 30, 2022, GVLТ has been named as a beneficiary for seven deferred gift annuities, and also had three annuities relinquished into GVLТ's endowment fund during the fiscal year. By Montana law, the charitable gift annuities must remain in the donor's account until the donor dies or the donors terminate their beneficial interest in the gift after five years have passed. Upon termination, the value of the annuities will be added to GVLТ's endowment fund managed by the Montana Community Foundation. The endowment principal will not be accessible by GVLТ; however, the Organization will receive the interest from the endowment investment, which can be used at their discretion or can be reinvested. The endowment funds held on behalf of GVLТ had balances as of June 30, 2022 and 2021, of \$200,379 and \$140,427, respectively.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

10. Conditional Promises to Give

GVLТ receives donor restricted reimbursable grants to support new conservation and trail projects. The revenue for these grants is not recognized until the expenses are incurred for grant purposes. During the year ended June 30, 2022, GVLТ did not receive any new donor restricted reimbursable grants. During the year ended June 30, 2021, GVLТ received a new donor restricted reimbursable grant in the amount of \$50,000. As of June 30, 2022 and 2021, the Organization had donor restricted reimbursable grants outstanding totaling \$0 and \$94,800, respectively. For the year ended June 30, 2022, the Organization incurred the remaining \$44,800 of expenses related to a \$45,000 grant from the year ended June 30, 2020 and incurred \$50,000 of expenses related to the grant from June 30, 2021; therefore, \$94,800 of revenue has been recognized.

11. Liquidity and Availability of Resources

Financial assets available for general expenses (without donor or other restrictions limiting their use), within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,812,064	\$ 1,685,382
Grants receivable	50,000	-
Pledges receivable	30,067	32,667
Other receivable	-	1,156
Investments	6,083,194	5,041,239
Certificates of deposit	970,433	1,139,179
Less:		
With Donor Restrictions	(4,975,407)	(4,597,194)
Refundable advance	(150,000)	(35,000)
Total Financial Assets Available	<u>\$ 3,820,351</u>	<u>\$ 3,267,429</u>

The Organization reviews liquidity on a regular basis with the Finance and Executive Committees and has various sources of liquidity at its disposal, including cash and cash equivalents, money market funds, and short term certificates of deposit. Long term certificates of deposit can be redeemed as needed with immaterial penalties and include some that will reach maturity within one year of the statement of financial position date and therefore, available for general expenses. GVLТ strives to maintain sufficient funds in reserves to cover operating costs. The Organization invests excess cash in accordance with its investment policy in order to manage investment risk and optimize investment returns within acceptable parameters.

GALLATIN VALLEY LAND TRUST
Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

12. Operating Leases

GVLТ leases buildings for its current office facility and storage. In fiscal year 2019, GVLТ entered into an operating lease agreement. The lease obligation is a five-year lease, commencing on February 1, 2019. The monthly lease payment is calculated based on an annual rent rate per square foot, which is set to increase approximately \$0.50 per year, plus an additional amount for operating expenses based on a rate per square foot. For the year ended June 30, 2022, the base rent rate is \$19.50 per square foot, and the operating expenses rate is \$6.20 per square foot. For the year ended June 30, 2022 total lease payments were \$119,816.

Future minimum lease payments on this office facility and storage are as follows:

FY2023	\$	83,852
FY2024		42,459
	\$	<u>126,311</u>

13. Retirement Plan

The Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE). According to the plan, the Organization will match each participant's elective salary deferrals, dollar for dollar, up to 3% of each participant's compensation. During the years ended June 30, 2022 and 2021, the Organization made a matching contribution to the SIMPLE plan of \$28,388 and \$25,867, respectively.

14. Paycheck Protection Program Loan

The Organization was granted a \$160,000 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and recorded the forgiveness in accordance with the guidance for debt forgiveness. Proceeds from the loan were eligible for forgiveness if they were used for certain payroll, rent, and utility expenses. The Organization was eligible for loan forgiveness and 100% of the loan was forgiven on December 30, 2020. The Organization recognized \$160,000 as other revenue for the year ended June 30, 2021.

15. Recent Accounting Pronouncement

The FASB issued Accounting Standard Update (ASU) 2016-02: *Leases, Topic 842*, in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a "right-to-use" asset and a lease liability. This ASU is effective for periods beginning after December 15, 2021. Early implementation is permitted; however, the Organization elected not to early implement and is currently evaluating the potential impacts to its financial statements.