

**Southern Utah Wilderness Alliance**

**Year Ended December 31, 2021**

**Financial Statements**

**And**

**Independent Auditor's Report**



**SOUTHERN UTAH WILDERNESS ALLIANCE**

# Southern Utah Wilderness Alliance

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southern Utah Wilderness Alliance  
Salt Lake City, Utah

### ***Opinion***

We have audited the accompanying financial statements of Southern Utah Wilderness Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Utah Wilderness Alliance as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Utah Wilderness Alliance 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 the 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 Southern Utah Wilderness Alliance'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, including omissions, 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 Southern Utah Wilderness Alliance'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 Southern Utah Wilderness Alliance'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.

***Report on Summarized Comparative Information***

We have previously audited Southern Utah Wilderness Alliance's December 31, 2020 financial statements, and our report dated June 11, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bountiful Peak Advisors*

Bountiful, Utah  
May 25, 2022

**Southern Utah Wilderness Alliance**  
**Statement of Financial Position**  
**December 31, 2021**  
**With Comparative Totals For December 31, 2020**

	<u>12/31/2021</u>	<u>12/31/2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,620,852	\$ 3,015,278
Accounts receivable	-	239
Investments, at fair value	21,451,616	15,825,408
Prepaid expenses	<u>74,197</u>	<u>50,444</u>
Total current assets	<u>24,146,665</u>	<u>18,891,369</u>
Fixed assets, at cost		
Building and improvements	1,259,752	1,259,752
Equipment	76,205	87,000
Database	24,618	24,618
Vehicle	111,446	93,674
Furniture	<u>88,456</u>	<u>88,456</u>
Total fixed assets	1,560,477	1,553,500
Less: accumulated depreciation	<u>(760,844)</u>	<u>(721,824)</u>
Net fixed assets	<u>799,633</u>	<u>831,676</u>
Other assets		
Investments, at fair value	<u>357,678</u>	<u>357,678</u>
Total other assets	<u>357,678</u>	<u>357,678</u>
Total assets	<u>\$ 25,303,976</u>	<u>\$ 20,080,723</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ -	\$ 175
Accrued liabilities	-	46
Current portion of long-term debt	<u>-</u>	<u>211,147</u>
Total current liabilities	<u>-</u>	<u>211,368</u>
Long-term debt, net of current portion	<u>-</u>	<u>213,268</u>
Total liabilities	<u>-</u>	<u>424,636</u>
Net assets		
Without donor restrictions	24,946,298	19,298,409
With donor restrictions	<u>357,678</u>	<u>357,678</u>
Total net assets	<u>25,303,976</u>	<u>19,656,087</u>
Total liabilities and net assets	<u>\$ 25,303,976</u>	<u>\$ 20,080,723</u>

See accompanying notes to financial statements.

**Southern Utah Wilderness Alliance**  
**Statement of Activities**  
**Year Ended December 31, 2021**  
**With Comparative Totals For The Year Ended December 31, 2020**

	<u>12/31/2021</u>			12/31/2020
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
<b>REVENUES AND SUPPORT</b>				
Individual donations	\$ 2,663,687	\$ -	\$ 2,663,687	\$ 1,686,554
Membership renewals	2,101,830	-	2,101,830	1,838,067
Legacies and bequests	1,953,554	-	1,953,554	1,097,116
Unrealized gains on investments	904,590	-	904,590	1,457,948
Interest and dividends	696,762	-	696,762	427,861
Grants	682,415	-	682,415	114,858
Gain on sales of investments	407,666	-	407,666	293,242
Other revenue	250,532	-	250,532	10,218
New memberships	118,728	-	118,728	108,599
Gain / (loss) on sale of assets	(789)	-	(789)	1,500
	<u>9,778,975</u>	<u>-</u>	<u>9,778,975</u>	<u>7,035,963</u>
<b>EXPENSES</b>				
Program services	3,554,419	-	3,554,419	3,388,618
Management and general	279,718	-	279,718	250,685
Fundraising	296,949	-	296,949	249,317
	<u>4,131,086</u>	<u>-</u>	<u>4,131,086</u>	<u>3,888,620</u>
Change in net assets	5,647,889	-	5,647,889	3,147,343
Net assets, beginning of year	<u>19,298,409</u>	<u>357,678</u>	<u>19,656,087</u>	<u>16,508,744</u>
Net assets, end of year	<u>\$ 24,946,298</u>	<u>\$ 357,678</u>	<u>\$ 25,303,976</u>	<u>\$ 19,656,087</u>

See accompanying notes to financial statements.

**Southern Utah Wilderness Alliance**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**  
**With Comparative Totals For The Year Ended December 31, 2020**

12/31/2021

	Program Services						Supporting Activities		12/31/2021	12/31/2020
	Energy	ORV	RS2477	RMP	Wilderness	Total	Management and General	Fundraising	Total	Total
Employee compensation	\$ 83,622	\$ 112,298	\$ 306,050	\$ 84,585	\$ 1,584,710	\$ 2,171,265	\$ 117,841	\$ 120,733	\$ 2,409,839	\$ 2,240,766
Grants	-	-	-	-	430,360	430,360	-	-	430,360	361,500
Membership services	28,676	35,316	31,469	32,710	161,543	289,714	5,733	154,934	450,381	349,284
Legal and professional	12,436	-	54,918	603	43,621	111,578	-	-	111,578	266,716
Technology	10,076	10,494	13,313	10,090	31,920	75,893	4,873	8,325	89,091	79,854
Rent	2,965	3,982	10,854	3,000	56,199	77,000	4,179	4,282	85,461	82,788
Public education costs	-	-	5,060	-	69,550	74,610	-	-	74,610	17,075
Investment fees	-	-	-	-	-	-	65,164	-	65,164	48,234
Grassroots organizing	-	-	-	-	78,196	78,196	-	-	78,196	68,635
Supplies	337	454	1,237	342	37,076	39,446	476	488	40,410	43,445
Bank and credit card charges	-	-	-	-	-	-	35,602	-	35,602	33,874
Accounting and audit	-	-	-	-	-	-	34,654	-	34,654	33,208
Travel	25	-	1,034	1,221	30,293	32,573	-	-	32,573	49,119
Insurance	1,103	1,480	4,035	1,115	20,890	28,623	1,553	1,592	31,768	34,684
Repairs and maintenance	1,091	1,465	3,994	1,104	20,679	28,333	1,538	1,575	31,446	40,449
Copies and postage	763	730	1,988	692	11,625	15,798	765	784	17,347	14,758
Telephone	594	798	2,173	601	11,253	15,419	837	857	17,113	17,180
Training and staff support	2,357	2,358	2,357	2,358	2,358	11,788	-	-	11,788	17,296
Office expenses	755	386	1,053	291	5,452	7,937	3,332	131	11,400	10,159
Event costs	953	954	954	954	4,342	8,157	-	-	8,157	14,602
Utilities	225	302	823	228	4,263	5,841	317	325	6,483	8,983
Board expenses	48	47	47	47	47	236	51	51	338	1,409
<b>Total expenses before depreciation</b>	<b>146,026</b>	<b>171,064</b>	<b>441,359</b>	<b>139,941</b>	<b>2,604,377</b>	<b>3,502,767</b>	<b>276,915</b>	<b>294,077</b>	<b>4,073,759</b>	<b>3,834,018</b>
Depreciation	1,990	2,671	7,281	2,012	37,698	51,652	2,803	2,872	57,327	54,602
<b>Total expenses</b>	<b>\$ 148,016</b>	<b>\$ 173,735</b>	<b>\$ 448,640</b>	<b>\$ 141,953</b>	<b>\$ 2,642,075</b>	<b>\$ 3,554,419</b>	<b>\$ 279,718</b>	<b>\$ 296,949</b>	<b>\$ 4,131,086</b>	<b>\$ 3,888,620</b>

See accompanying notes to financial statements.

**Southern Utah Wilderness Alliance**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**  
**With Comparative Totals For The Year Ended December 31, 2020**

	<u>12/31/2021</u>	<u>12/31/2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,647,889	\$ 3,147,343
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,327	54,602
Unrealized gains on investments	(904,590)	(1,457,948)
Realized gains on sales of investments	(407,666)	(293,242)
Donated securities	(587,313)	(153,419)
(Gain) / loss on sale of assets	789	(1,500)
PPP loan forgiveness	(424,415)	-
Changes in current assets and liabilities:		
Accounts receivable	239	(162)
Prepaid expenses	(23,753)	8,188
Accounts payable	(175)	175
Accrued liabilities	(46)	(44)
	<u>3,358,286</u>	<u>1,303,993</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(27,073)	(55,345)
Purchase of investments	(11,643,769)	(8,270,025)
Proceeds from sale of investments	7,918,130	7,751,031
	<u>(3,752,712)</u>	<u>(574,339)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	-	424,415
	<u>-</u>	<u>424,415</u>
 Net change in cash and cash equivalents	(394,426)	1,154,069
Cash and cash equivalents, beginning of year	3,015,278	1,861,209
Cash and cash equivalents, end of year	<u>\$ 2,620,852</u>	<u>\$ 3,015,278</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.



# Southern Utah Wilderness Alliance

## Notes to Financial Statements

December 31, 2021

### 1. ORGANIZATION

Southern Utah Wilderness Alliance (the “Organization”) was incorporated under the laws of the State of Utah as a nonprofit corporation on December 12, 1983. The principal purpose of the Organization is the preservation and the management of the outstanding Southern Utah wild lands in their natural state. The Organization’s major sources of revenue come from donations from the general public and non-governmental grants.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association have been prepared on the accrual basis. The Association follows the provisions of Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### Date of Management’s Review

Subsequent events were evaluated through May 25, 2022, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

#### Estimates in the Financial Statements

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

#### Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- a. *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- b. *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

### Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Therefore, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus, accounts receivable does not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

### Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Minor repairs and maintenance that do not extend the useful lives of the assets are expensed as incurred. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to thirty-nine years. Depreciation expense for the year ended December 31, 2021 was \$57,327.

The Organization reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as measured by a comparison of estimated future cash flows (undiscounted and without interest charges) to the carrying value of the asset. Assets held for sale are written down to their fair value, less cost to sell.

### Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

### Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### In-Kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are considered to be without donor restrictions unless restricted by the donor. Assets donated with donor-imposed restrictions regarding their use are considered net assets with donor restrictions until the asset is placed in service. In-kind donations consisted of donated investments and totaled \$587,313 for the year ended December 31, 2021.

In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributed services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no services donated during the year ended December 31, 2021.

### Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At December 31, 2021, the Organization had bank deposits of \$993,112 that exceeded the FDIC insurance limit of \$250,000 per financial institution, and therefore were not insured. The Organization also holds cash and securities at investment firms. The cash and investments held at those firms are insured through the Securities Investor Protection Corporation (SIPC) up to \$500,000 per institution. The Organization had cash and securities in the amount of \$21,406,976 that exceeded the insurance limit. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and securities.

### Income taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifying for the charitable contribution deduction under section 170(b)(1)(A)(vi) and has been determined not to be a private foundation under Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) and is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. **Management has determined that the Organization is not subject to unrelated business income tax.** Management believes that the Organization has appropriate support for any tax positions taken in its annual filing and does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990 are no longer subject to tax examination for years before 2018.

### Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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 salaries, payroll taxes, employee benefits, professional fees, occupancy, and depreciation, which are allocated on the basis of estimated time and effort.

### Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Reclassifications

Certain items from December 31, 2020 have been reclassified to conform to the December 31, 2021 presentation.

**3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

Cash and cash equivalents	\$ 2,620,852
Investments	<u>21,451,616</u>
Current financial assets, at year-end	24,072,468
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	<u>(357,678)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 23,714,790</u>

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in savings and short-term investments. To help manage unanticipated liquidity needs, the Organization credit cards with an aggregate credit limit of \$50,000, which it could draw upon.

**4. FAIR VALUE MEASUREMENTS**

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

Level 1	Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets
Level 2	Valuations based on quoted market prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets
Level 3	Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Notes (continued)

The fair value of assets and liabilities measured on a recurring basis as of December 31, 2021 are as follows:

**Assets at Fair Value as of December 31, 2021**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset-backed securities	\$ -	\$ 1,299,468	\$ -	\$ 1,299,468
Mutual Funds	16,023,933	-	-	16,023,933
Corporate bonds	-	735,749	-	735,749
Exchange-traded funds	-	<u>3,750,144</u>	-	<u>3,750,144</u>
Totals	<u>\$ 16,023,933</u>	<u>\$ 5,785,361</u>	<u>\$ -</u>	<u>\$ 21,809,294</u>

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair values of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The Organization reviewed and evaluated the values and assumptions used in determining the fair value of Level 3 financial instruments. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs.

The Organization's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

Certain of the Organization's investments classified as exchange-traded funds and hedge funds are recorded at net asset value in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Fair value represents the net asset value (NAV) of shares or units held by the Organization at year end. The financial statements of these investments are prepared in accordance with U.S. GAAP and are audited annually by independent auditors. As of December 31, 2021, the Organization had no unfunded commitments to invest in these funds. Redemptions, at NAV, of shares in these investments are immediate with one-day notice.

Investment income consisted of the following for the year ended December 31, 2021:

Interest and dividend income	\$ 696,762
Realized gain on sale of investments	407,666
Unrealized gains on investments	<u>904,590</u>
Total investment income	<u>\$ 2,009,018</u>

**5. NET ASSETS WITH DONOR RESTRICTIONS**

In December 1995, investments totaling \$357,678 were contributed to the Organization for the establishment of an endowment fund and are therefore considered to be a donor-restricted endowment held in perpetuity.

## 6. ENDOWMENT FUND

The Organization's endowment fund consists of the Wyss endowment. The Wyss endowment consists of donor-restricted funds, \$357,678 of which are permanently restricted. The remainder of the Wyss endowment is unrestricted. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### *Interpretation of Relevant Law*

The Organization has interpreted UPMIFA 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. At December 31, 2021, there were no such donor stipulations. As a result of this interpretation, the organization retains in perpetuity:

- The original value of gifts donated to the endowment, and
- Any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other sources of the Organization
- The investment policies of the Organization

### *Return Objectives and Risk Parameters*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce returns that are 2% to 3% higher than the rate of inflation, while assuming a moderate level of investment risk.

### *Spending Policy*

The Organization has a policy which allows all portions of the endowment fund that are not donor-restricted in perpetuity to be appropriated for expenditure at the discretion of the board of directors.

### *Strategies Employed for Achieving Objectives*

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The organization targets a diversified asset allocation that emphasizes common stocks and fixed income securities to achieve its long-term objectives within prudent risk constraints.

Notes (continued)

Endowment net asset composition by type of fund as of December 31, 2021 was as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Wyss endowment	\$ 3,796,259	\$ 357,678	\$ 4,153,937

Changes in endowment net assets for the fiscal years ending December 31, 2021 are as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Net assets, December 31, 2020	\$ 3,224,069	\$ 357,678	\$ 3,581,747
Investment return			
Investment income, net of fees	149,437	-	149,437
Investment expenses	(13,236)	-	(13,236)
Net appreciation	<u>435,989</u>	<u>-</u>	<u>435,989</u>
Total investment return	572,190	-	572,190
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, December 31, 2021	<u>\$ 3,796,259</u>	<u>\$ 357,678</u>	<u>\$ 4,153,937</u>

## 7. RETIREMENT PLAN

The Organization has a 403(b) Retirement Plan, which is a contributory plan and covers all employees. The Organization is entitled to make discretionary contributions to the plan. The Organization made contributions totaling \$66,598 for the year ended December 31, 2021.

## 8. LEASE COMMITMENTS

The Organization leases office space for its satellite offices in Moab, Utah and Washington D.C. under operating lease agreements. The Moab office requires monthly payments of \$2,290 and is on a month-to-month basis. The Organization entered into an operating lease for the Washington D.C. location in January 2018. The lease agreement expires on June 30, 2025. The lease requires monthly payments of \$4,871 which escalate each year by 2.75%. Future minimum operating lease payments are based on remaining terms of the agreement. The required minimum lease payments are as follows:

<u>Year ending</u>	
12/31/2022	\$ 60,056
12/31/2023	61,707
12/31/2024	63,404
12/31/2025	32,574
Thereafter	<u>-</u>
	<u>\$ 217,741</u>

Total rent expense for the year ended December 31, 2021 was \$85,461.

**9. ALLOCATION OF EXPENSES**

Based on management's allocation of expenses, operating expenses have been allocated in the following manner:

	<u>Amount</u>	<u>%</u>
Program services	\$ 3,554,419	86.04
Management and general	279,718	6.77
Fundraising	<u>296,949</u>	<u>7.19</u>
	<u>\$ 4,131,086</u>	<u>100.00</u>

**10. COMMITMENTS AND CONTINGENCIES**

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have had and are likely to continue to have a negative impact on the Organization. Certain activities the Organization typically uses to accomplish its mission have been disrupted. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact cannot be reasonably estimated at this time.

**11. PRIOR YEAR INFORMATION**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. The financial statements for the year ended December 31, 2020 are presented for comparative purposes only. The notes presented herein contain information relating to December 31, 2021 only. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020 from which the summarized information was derived.