

Financial Statements for
ADVENTURE CYCLING ASSOCIATION
Years Ended December 31, 2024 and 2023
With Independent Auditor's Report

**ADVENTURE CYCLING ASSOCIATION
TABLE OF CONTENTS**

	PAGE
Independent Auditor's Report	
Financial Statements	
Statements of Financial Position	1
Statements of Activities.....	2
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to the Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Adventure Cycling Association
Missoula, Montana

Opinion

We have audited the accompanying financial statements of Adventure Cycling Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 Adventure Cycling Association as of December 31, 2024 and the 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 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 Adventure Cycling Association 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 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 Adventure Cycling Association'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 Adventure Cycling Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of the 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 Adventure Cycling Association'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.

Dean Dotson Allen Ford, PLLC

Indianapolis, Indiana
May 13, 2025

**ADVENTURE CYCLING ASSOCIATION
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	December 31,	
	2024	2023
Cash	\$ 487,149	\$ 953,610
Accounts Receivable, Net of Allowance for Credit Losses of: 2024 \$53,633; 2023 \$31,269	19,175	25,313
Unconditional Promises to Give	26,000	56,000
Inventory	65,737	98,793
Prepaid Expenses	758,580	683,760
Investments	1,609,594	2,416,524
Property and Equipment, Net	771,548	821,394
Right of Use Asset - Operating Leases	22,916	52,157
Total Assets	\$ 3,760,699	\$ 5,107,551

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable	\$ 50,415	\$ 100,370
Accrued Liabilities	90,935	122,350
Deferred Revenue	349,929	1,076,142
Operating Lease Liabilities	22,916	52,157
Total Liabilities	514,195	1,351,019

Net Assets

Without Donor Restrictions	3,220,504	3,700,532
With Donor Restrictions	26,000	56,000
Total Net Assets	3,246,504	3,756,532
Total Liabilities and Net Assets	\$ 3,760,699	\$ 5,107,551

See accompanying notes.

**ADVENTURE CYCLING ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains		-	
Merchandise Sales	\$ 422,477	\$ -	\$ 422,477
Tour Sales	1,963,059	-	1,963,059
Membership Dues	1,255,497	-	1,255,497
Donations and Grants	935,302	-	935,302
Net Investment Return	243,725	-	243,725
Advertising	175,069	-	175,069
Miscellaneous Income	<u>21,123</u>	<u>-</u>	<u>21,123</u>
 Total Revenue, Support, and Gains	 5,016,252	 -	 5,016,252
 Net Assets Released from Restriction	 <u>30,000</u>	 <u>(30,000)</u>	 <u>-</u>
 Total Revenue, Support, Gains, and Reclassifications	 <u>5,046,252</u>	 <u>(30,000)</u>	 <u>5,016,252</u>
 Expenses			
Program Services	4,265,800	-	4,265,800
Management and General	1,088,951	-	1,088,951
Fundraising	<u>171,529</u>	<u>-</u>	<u>171,529</u>
 Total Expenses	 <u>5,526,280</u>	 <u>-</u>	 <u>5,526,280</u>
 Change in Net Assets	 (480,028)	 (30,000)	 (510,028)
 Net Assets, Beginning of Year	 <u>3,700,532</u>	 <u>56,000</u>	 <u>3,756,532</u>
 Net Assets, End of Year	 <u>\$ 3,220,504</u>	 <u>\$ 26,000</u>	 <u>\$ 3,246,504</u>

See accompanying notes.

ADVENTURE CYCLING ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains		-	
Merchandise Sales	\$ 631,847	\$ -	\$ 631,847
Tour Sales	2,743,594	-	2,743,594
Membership Dues	1,248,993	-	1,248,993
Donations and Grants	1,463,057	-	1,463,057
Net Investment Return	273,864	-	273,864
Advertising	178,466	-	178,466
Sponsorship	9,250	-	9,250
Miscellaneous Income	30,955	-	30,955
	<hr/>	<hr/>	<hr/>
Total Revenue, Support, and Gains	6,580,026	-	6,580,026
Net Assets Released from Restriction	108,660	(108,660)	-
	<hr/>	<hr/>	<hr/>
Total Revenue, Support, Gains, and Reclassifications	6,688,686	(108,660)	6,580,026
	<hr/>	<hr/>	<hr/>
Expenses			
Program Services	3,985,537	-	3,985,537
Management and General	1,898,712	-	1,898,712
Fundraising	255,851	-	255,851
	<hr/>	<hr/>	<hr/>
Total Expenses	6,140,100	-	6,140,100
	<hr/>	<hr/>	<hr/>
Change in Net Assets	548,586	(108,660)	439,926
Net Assets, Beginning of Year	3,151,946	164,660	3,316,606
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Net Assets, End of Year	\$ <u>3,700,532</u>	\$ <u>56,000</u>	\$ <u>3,756,532</u>

See accompanying notes.

**ADVENTURE CYCLING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024**

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 1,668,036	\$ 727,744	\$ 115,742	\$ 2,511,522
Cost of Goods Sold	100,310	-	-	100,310
Tour Expenses	694,672	-	-	694,672
Contract Services	577,082	101,085	11,758	689,925
Office Expenses	46,215	39,255	4,808	90,278
Printing, Posting, and Mailing	368,414	1,721	11,346	381,481
Occupancy	53,646	-	-	53,646
Equipment and Software	246,937	-	-	246,937
Travel and Entertainment	32,914	39,146	6,087	78,147
Insurance	135,420	23,998	-	159,418
Staff Development	7,705	13,874	26	21,605
Marketing	14,456	48,545	27	63,028
Services Fees	181,259	22,615	9,509	213,383
Credit Loss Expense	58,381	-	-	58,381
Other	30,507	70,968	12,226	113,701
Depreciation	49,846	-	-	49,846
Total Functional Expenses	\$ 4,265,800	\$ 1,088,951	\$ 171,529	\$ 5,526,280

See accompanying notes.

**ADVENTURE CYCLING ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 1,603,031	\$ 952,368	\$ 197,433	\$ 2,752,832
Cost of Goods Sold	196,475	-	-	196,475
Tour Expenses	1,102,920	-	-	1,102,920
Contract Services	186,331	418,673	-	605,004
Office Expenses	10,426	26,104	12,486	49,016
Printing, Posting, and Mailing	512,190	835	21,970	534,995
Occupancy	-	58,194	-	58,194
Equipment and Software	62,048	55,114	124	117,286
Travel and Entertainment	35,116	33,797	2,563	71,476
Insurance	16,142	189,173	-	205,315
Staff Development	11,311	-	101	11,412
Marketing	18,171	66,772	2,519	87,462
Services Fees	114,339	55,655	12,127	182,121
Credit Loss Expense	24,734	-	-	24,734
Other	50,589	22,335	18	72,942
Depreciation	41,714	19,692	6,510	67,916
Total Functional Expenses	\$ 3,985,537	\$ 1,898,712	\$ 255,851	\$ 6,140,100

See accompanying notes.

**ADVENTURE CYCLING ASSOCIATION
STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ (510,028)	\$ 439,926
Reconciliation of Change in Net Assets with Cash Flows from Operations		
Depreciation	49,846	67,917
Net Investment Return	(243,725)	273,864
Contributed Stock	(4,843)	-
Changes in Operating Assets and Liabilities		
Accounts Receivable, Net	6,138	59,845
Employee Retention Credit Receivable	-	594,675
Unconditional Promises to Give	30,000	44,940
Inventory	33,056	70,159
Prepaid Expenses	(74,820)	(305,615)
Right of Use Asset - Operating	29,241	7,083
Accounts Payable	(49,955)	31,415
Accrued Expenses and Other Liabilities	(31,415)	(27,321)
Operating Lease Liability	(29,241)	(7,083)
Deferred Revenue	(726,213)	(361,302)
Net Cash (Used) Provided by Operating Activities	<u>(1,521,959)</u>	<u>888,503</u>
Cash Flows from Investing Activities		
Purchase of Investments	(126,094)	-
Proceeds from Sale of Investments	<u>1,181,592</u>	<u>(344,182)</u>
Net Cash Provided (Used) by Investing Activities	<u>1,055,498</u>	<u>(344,182)</u>
Net Change in Cash	(466,461)	544,321
Cash, Beginning of Year	<u>953,610</u>	<u>409,289</u>
Cash, End of Year	<u><u>\$ 487,149</u></u>	<u><u>\$ 953,610</u></u>

See accompanying notes.

ADVENTURE CYCLING ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Adventure Cycling Association (the Association) is a Montana nonprofit organization. Founded in 1973, the Association is a member-supported, nonprofit organization dedicated to bicycle travel. The mission of the Association is to inspire and empower people to travel by bicycle. The Association fulfills its mission by focusing its efforts on seven principal programs, as follows:

- Adventure Cyclist produces a full-color magazine and other materials designed to inform members of the Association and the general public about bicycle travel and inspire them to ride.
- Advocacy works to achieve the Association's strategic goal to improve bicycle-travel conditions in North America and make bicycling easier and more accessible for all. Advocacy also cultivates public awareness of the health, economic, environment, and transportation benefits of improving cycling infrastructure and encouraging people to travel by bicycle.
- The Bike Overnights Program offers short routes, itineraries, resources and a friendly community to riders who are new to the bike travel experience. Through this program, the Association empowers those who were previously intimidated by the prospect of heading out on their first adventure and set them on a path to spread the joy of bike travel in their own communities. Together with community leaders from diverse backgrounds, Bike Overnights creates verified, local weekend-long short bike routes designed for the solo rider, family, and small groups who are new to bike travel. Bike Overnights also provides the BIPOC and LGBTQ Ambassadors with stipends and resources to organize bike travel events departing larger metro areas.
- The Routes and Mapping program is the flagship program of the Association with the creation of the TransAmerica Bicycle Trail. To date, the Association has charted 80,579 miles of bike routes, which now comprises the Adventure Cycling Route Network. The cartographers research and develop bicycle routes throughout America in order to assist cyclists in their desire to travel by bicycle. The maps are maintained and updated on a regular basis, and new route maps are added to expand the network. These maps include routes for both on-road and off-pavement bicycling. The maps have educational information about history, geology, and geography of the area through which the route travels.
- Tours: Adventure Cycling tour leaders are skilled educators who build people's bicycle skills, physical endurance, group cooperation, and leadership skills. The Tours program creates unique educational experiences for both on-road and off-pavement bicycling throughout North America. These include self-contained expedition style tours, vehicle-supported event-style bicycle tours in various locations, and educational tours and bicycle tour leader education development in the Leadership Training Courses.
- The Merchandise sales program offers bicycling products specific to bicycle touring. The Association researches the best cycle wares, as well as reference guides, to assist cyclists in preparation for their trips. The product mix consists of maps (which are produced in-house), books, logo wear (posters, jerseys, hats, T-shirts, socks, etc.), and other bicycle touring gear. Products are featured in the Cyclosource, an educational products resource guide.

The Association's viability is dependent on the success of the program services, donations and charitable membership dues, and the Association's ability to collect on its contracts with customers

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results could differ from estimated amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable consists of amounts due from customers and are generally unsecured. The Association establishes allowances for credit losses on accounts receivable. The allowance for credit losses is the Association's best estimate of the amount of probable credit losses in the Association's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. The measurement of credit losses and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change.

The Association uses the aging method to estimate its expected credit losses on accounts receivable. To estimate expected credit losses, the Association assesses recent historical experience, current economic conditions and any reasonable and supportable forecasts to identify risk characteristics that are shared within the financial asset. These risk characteristics are then used to bifurcate the aging method into risk pools. Historical credit loss for each risk pool is then applied to the current period aging in the identified risk pools to determine an appropriate reserve. In the absence of current economic conditions and/or forecasts that may affect future credit losses, the Association has determined that recent historical experience provides the best basis for estimating credit losses.

The determination of past due status on accounts receivable is based on the terms indicated on customer contracts and invoices. Accounts are written off against the allowance when deemed uncollectible by management. Recoveries of accounts receivable previously written off are recorded when received. The Association does not charge interest on its past due receivables.

Unconditional Promises to Give

The Association records unconditional promises to give that are expected to be collected at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Association determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Based on these criteria, no allowance for uncollectable promises to give has been provided at December 31, 2024 and 2023 since the Association does not expect any material losses.

Investments

Investments if purchased are recorded at cost, or if donated, at fair value on the date of donation.

Thereafter, 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 any external and direct internal investment expenses. Cash equivalents, and other securities and investments held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

Inventory

The Association's inventory is comprised of primarily maps, books, cycling accessories (panniers, racks, etc.), and apparel. The inventory is stated at lower of cost, determined by the average cost method, and net realizable value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property and Equipment**

Property and equipment are stated at cost or, if donated, at fair value at the date of donation, and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method for financial reporting purposes. Maintenance and repairs are charged to operations when incurred. Significant betterments and renewals are capitalized for items in excess of \$5,000.

The useful lives of property and equipment for purposes of computing depreciation are:

Building	31.5	Years
Land Improvements	20	Years
Building Improvements	3 - 7	Years
Furniture and Fixture	3 - 7	Years
Equipment	3 - 7	Years

Long-Lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment. No adjustments were deemed necessary during the years ended December 31, 2024 and 2023.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, a quasi-endowment, and a special project.

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 the 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.

The Association reports 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Contract Liabilities**

Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

Revenue and Revenue Recognition*Revenue From Contracts with Customers*

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing service. The Association recognizes contract revenue for financial reporting purposes both over time and at a point in time. Contracts with customers may include multiple performance obligations for which consideration is allocated between performance obligations. Depending on the terms of the contract, the Association may defer the recognition of revenue and record a contract liability when a future performance obligation has not yet occurred.

During the year ended December 31, 2023, membership dues were received in exchange for the benefits offered to members during the annual membership period. The Association allocated the transaction price to the various benefits received. The portion of the membership fees allocated to the other benefits of membership were recognized over time utilizing an output method based on the value of the services delivered during the membership period. In 2024, the membership model was modified in such a way that there was no longer an exchange of goods or services. Therefore, the membership dues are considered contributions as of January 1, 2024.

The Association recognizes revenue for tours when the tours take place, as this reflects the point in time when the Association's obligations are satisfied.

Advertising revenue is recognized at a point in time when the issue of the Adventure Cyclist in which the ad is printed is sent to members.

Merchandise sales are recognized at the point in time that the product is sold or shipped.

Revenue From Contributions

The Association recognizes contributions (including membership dues) when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Services, Equipment, and In-Kind Contributions

Donations of equipment and in-kind contributions are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association.

Advertising Costs

The Association expenses the cost of advertising when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Retirement Plan**

The Association sponsors a 403(b) retirement plan to which all employees with six months of service may contribute. In 2024 and 2023, the Association contributed 3% of compensation for all regular full-time and part-time employees. An additional matching 2% of compensation contribution is also provided to participating employees. Employer contributions are immediately 100% vested. Employer contributions are discretionary and are determined and authorized by the Board of Directors each Plan year. By its nature, the Plan is fully funded.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement 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. The expenses that are allocated include occupancy, which are allocated on department staff size, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Income Tax Status

Adventure Cycling Association is a Montana nonprofit organization as described in Section 501©(3) of the Internal Revenue Code and is exempt from most federal and state income taxes on related income pursuant to the Internal Revenue Code.

The Association has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Association recognized no interest or penalties in the statement of activities for the year ended December 31, 2024 and 2023. If the situation arose in which the Association would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under Federal and state statutes of limitations and remain subject to review and change. The Association is not currently under audit, nor has the Association been contacted by these jurisdictions.

Based on the evaluation of the Association's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for either of the years ended December 31, 2024 and 2023.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements. The reclassifications had no impact on the previously reported net assets.

Subsequent Events

The Association has evaluated subsequent events through May 13, 2025, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY

Financial assets available for general use and without donor or other restrictions or designations limiting their use within one year of the statements of financial position were comprised of the following:

	December 31,	
	2024	2023
Cash	\$ 487,149	\$ 953,610
Accounts Receivable, Net	19,175	25,313
Promises to Give	26,000	56,000
Investments	<u>1,609,594</u>	<u>2,416,524</u>
Total Financial Assets	<u>2,141,918</u>	<u>3,451,447</u>
Restricted and Designated Funds		
Net Assets with Donor Restrictions - Long-Term	-	30,667
Portion of Unconditional Promises to Give		
Board-Designated Net Assets	<u>1,609,594</u>	<u>2,416,524</u>
Total Restricted and Designated Assets	<u>1,609,594</u>	<u>2,447,191</u>
Total Financial Assets Available	<u>\$ 532,324</u>	<u>\$ 1,004,256</u>

As part of the Association's liquidity management, excess cash may be invested in both short-term and long-term stocks and bonds, mutual funds, and certificates of deposit.

NOTE 3 - CASH AND CASH FLOWS

At various times throughout the year, the Association may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor.

The Association had noncash operating activities as follows:

Right of Use Assets Obtained Through Operating		
Lease Liabilities	\$ <u>-</u>	\$ <u>59,240</u>

For purposes of the cash flows statement, cash includes cash held in a checking account.

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give were as follows:

Amounts Promised		
Within One Year	\$ 26,000	\$ 25,333
In One to Five Years	<u>-</u>	<u>30,667</u>
Unconditional Promises to Give	<u>\$ 26,000</u>	<u>\$ 56,000</u>

NOTE 5 - HOSTING ARRANGEMENTS THAT ARE SERVICE CONTRACTS

The Association entered into various contracts to customize a customer relationship management system (CRM) for which the Association purchases user licenses under a service contract. The CRM is hosted by a third-party. The Association capitalized certain implementation costs associated with the CRM in prepaid expenses on the statements of financial position. The capitalized implementation costs are as follows:

	December 31,	
	2024	2023
Implementation Costs	\$ 794,163	\$ 537,996
Less Accumulated Amortization	<u>144,716</u>	<u>25,855</u>
Capitalized Implementation Costs, Net	<u>\$ 649,447</u>	<u>\$ 512,141</u>

The capitalized implementation costs are amortized over the life of the applicable service contract. Related amortization expense of \$118,861 and \$25,855 was included in equipment and software expense for the years ended December 31, 2024 and 2023, respectively.

NOTE 6 - INVESTMENTS

Investments consisted of the following:

Cash and Cash Equivalents	\$ 641,678	\$ 253,900
Mutual Funds	41,284	628,745
Fixed Income Funds	443,080	-
Exchange Traded Funds	<u>483,552</u>	<u>1,533,879</u>
Total Investments	<u>\$ 1,609,594</u>	<u>\$ 2,416,524</u>

NOTE 7 - 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

LEVEL 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access at the measurement date.

LEVEL 2 - Inputs to the valuation methodology include 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, and 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 to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)

The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are the descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Cash and Cash Equivalents: Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

Mutual and Exchange Traded Funds (including Money Market Funds) – Valued at the daily closing price as reported by the fund. Mutual and exchange traded funds held are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The funds held by the Association are deemed to be actively traded.

Fixed Income Funds – Valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

The preceding methods described may provide a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association 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

All investments were valued at Level 1, except for the fixed income funds which were valued at Level 2, at both December 31, 2024 and 2023.

Risks and Uncertainties

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect account balances and amounts reported in the statement of financial position.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation consisted of the following:

	December 31,	
	2024	2023
Land	\$ 84,500	\$ 84,500
Land Improvements	75,000	75,000
Buildings and Improvements	1,273,392	1,273,392
Furniture, Fixtures, and Equipment	177,304	177,304
	1,610,196	1,610,196
Less Accumulated Depreciation	838,648	788,802
Total Property and Equipment, Net	\$ 771,548	\$ 821,394

NOTE 9 - CONTRACT BALANCES

Receivables and contract balances from contracts with customers were as follows:

	December 31,	
	2024	2023
Accounts Receivable, Net		
Beginning of Year	\$ 25,313	\$ 85,158
End of Year	\$ 19,175	\$ 25,313
Deferred Revenue		
Beginning of Year	\$ 1,076,142	\$ 1,437,444
End of Year	\$ 349,929	\$ 1,076,142

NOTE 10 - ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses related to accounts receivable includes:

Balance at Beginning of Year	\$ 31,269	\$ 8,506
Current Period Provision for Expected Credit Losses	58,381	24,734
Write-offs Charged Against the Allowance	<u>(36,017)</u>	<u>(1,971)</u>
Balance at End of Year	<u>\$ 53,633</u>	<u>\$ 31,269</u>

Estimated credit losses based on risk characteristics require significant judgement by the Association. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Association's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Association reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

NOTE 11 - LINE OF CREDIT

The Association has a \$240,000 revolving line of credit agreement with a bank, secured by real estate. Interest is variable at The Wall Street Journal prime rate (7.5% at December 31, 2024). The line of credit matured in October 2024 and was renewed with substantially the same terms with a maturity date of December 13, 2025. The Association's outstanding balance on the line of credit totaled \$-0- at both December 31, 2024 and 2023.

Interest expense totaled \$-0- for the years ended December 31, 2024 and 2023.

NOTE 12 - LEASES

The Association has signed one operating lease for which a right of use asset was recorded on the statements of financial position of the Association. As of December 31, 2024, this lease is for two vehicles. This lease expires in September 2025. In addition, the Association also has two operating leases that expire in twelve months or less and are not included on the statements of financial position as of December 31, 2024.

The components of lease expenses are included in equipment and software on the statements of activities and consist of the following:

	December 31,	
	2024	2023
Lease Expense		
Operating Lease Expense	\$ 31,200	\$ 7,800
Short-term Lease Expense	13,114	40,118
Total	\$ 44,314	\$ 47,918

The following summarizes the cash flow information, weighted average lease term, and discount rate related to operating leases as of and for the year ended December 31, 2024:

Other Information

Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	\$ 31,200	\$ 7,800
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 59,240
Weighted-Average Remaining Lease Term in Years for Operating Leases	0.75	1.75
Weighted-Average Discount Rate for Operating Leases	5.04%	5.04%

The maturities of operating lease liabilities are as follows:

	Operating
Year Ending December 31, 2025	\$ 23,400
Less Present Value Discount	(484)
Total Lease Liabilities	\$ 22,916

NOTE 13 - BOARD DESIGNATED NET ASSETS

The Board designated net assets for the following purposes:

	December 31,	
	2024	2023
Life Member	\$ 1,067,715	\$ 1,680,554
Operating Reserve	541,879	735,970
Total Board Designated Net Assets	\$ 1,609,594	\$ 2,416,524

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	December 31,	
	2024	2023
Subject to the Passage of Time		
Unconditional Promises to Give	\$ <u>26,000</u>	\$ <u>56,000</u>

NOTE 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognized as follows:

Recognition		
At a Point in Time	\$ 2,560,605	\$ 3,563,157
Over a Period of Time	<u>-</u>	<u>1,248,993</u>
Total Revenue	\$ <u>2,560,605</u>	\$ <u>4,812,150</u>

NOTE 16 - RETIREMENT PLAN EXPENSE

During the year ended December 31, 2024 and 2023, the Association incurred expenses related to the retirement plan in the amount of \$45,197 and \$57,134, respectively.

NOTE 17 - ADVERTISING EXPENSE

The Association incurred advertising expenses of \$230,641 and \$249,671 for 2024 and 2023, respectively.

