

Financial Statements



December 31, 2021

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Ketcha Outdoors

December 31, 2021

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Independent Auditors' Report

To the Board of Directors
Ketcha Outdoors
336 Black Point Road
Scarborough, ME 04074

Opinion

We have audited the accompanying financial statements of Ketcha Outdoors (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 Ketcha Outdoors as of December 31, 2021, and the changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ketcha Outdoors 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ketcha Outdoors' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 aggregate, they would influence the judgement 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 Ketcha Outdoors' 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 judgement there are conditions or events, considered in the aggregate, that raise substantial doubt about Ketcha Outdoors' 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 findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Ketcha Outdoors' 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 3, 2022. 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.

Purdy Powers & Company
Professional Association

Portland, Maine
January 3, 2023

Statement of Financial Position

Ketcha Outdoors

As of December 31, 2021

(with comparative totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 711,559	\$ 351,687
Restricted cash	750	750
Accounts receivable, net	9,145	6,653
Inventory	90,990	36,049
Prepaid expenses	15,420	19,721
Total Current Assets	<u>827,864</u>	<u>414,860</u>
Property and Equipment		
Buildings	1,077,201	1,038,729
Land	85,336	85,336
Furniture, fixtures and equipment	349,610	327,637
Leasehold improvements	7,791	7,791
Ropes course	10,521	10,521
Software	13,460	13,460
Vehicles	53,849	53,849
Building improvements	61,128	61,128
Horses	5,050	1,140
Land development costs	27,528	27,528
	<u>1,691,474</u>	<u>1,627,119</u>
Less accumulated depreciation	<u>1,076,362</u>	<u>1,018,640</u>
Net Property and Equipment	615,112	608,479
Other Assets		
Beneficial interest in assets held in unemployment trust	<u>24,729</u>	<u>19,675</u>
Total Assets	<u>\$ 1,467,705</u>	<u>\$ 1,043,014</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Financial Position - Continued

Ketcha Outdoors

As of December 31, 2021

(with comparative totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 57,485	\$ 67,354
Accrued expenses	86,136	102,994
Current portion of capital leases payable	816	816
Deferred revenue	71,771	64,550
Paycheck Protection Program loan	211,387	254,700
Total Current Liabilities	<u>427,595</u>	<u>490,414</u>
Long-Term Liabilities		
Capital leases payable, less current portion	<u>18,344</u>	<u>19,158</u>
Total Liabilities	<u>445,939</u>	<u>509,572</u>
Net Assets		
Without donor restrictions	861,407	374,528
With donor restrictions	<u>160,359</u>	<u>158,914</u>
Total Net Assets	<u>1,021,766</u>	<u>533,442</u>
Total Liabilities and Net Assets	<u>\$ 1,467,705</u>	<u>\$ 1,043,014</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Ketcha Outdoors

For the Year Ended December 31, 2021
(with comparative totals for December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenues				
Support:				
Contributions and grants	172,402	\$ 103,651	\$ 276,053	\$ 290,197
In-kind contributions	44,940	-	44,940	33,161
Total support	217,342	103,651	320,993	323,358
Revenues:				
Sales	565,921	-	565,921	404,557
Less: cost of goods sold	(207,825)	-	(207,825)	(127,267)
Net sales revenue	358,096	-	358,096	277,290
Rentals	107,900	-	107,900	10,611
Less: rental expenses	(73,284)	-	(73,284)	(39,165)
Net rental income	34,616	-	34,616	(28,554)
Program fees	1,092,435	-	1,092,435	549,339
Less: scholarships awarded	(16,023)	-	(16,023)	(13,025)
Net program fees	1,076,412	-	1,076,412	536,314
Membership dues	8,500	-	8,500	18,751
Paycheck Protection Program forgiveness	254,700	-	254,700	-
Employee Retention Tax Credit	103,263	-	103,263	-
Other revenue	26,856	-	26,856	16,024
Interest income	328	-	328	303
Support and Revenues before Net Assets				
Released from Restrictions	2,080,113	103,651	2,183,764	1,143,486
Released from restrictions	102,206	(102,206)	-	-
Total Support and Revenues	2,182,319	1,445	2,183,764	1,143,486
Expenses				
Programs	1,461,871	-	1,461,871	954,204
Management and general	192,924	-	192,924	294,352
Fundraising	40,645	-	40,645	29,324
Total Expenses	1,695,440	-	1,695,440	1,277,880
Revenue Over (Under) Expenses	486,879	1,445	488,324	(134,394)
Gain on sale of assets	-	-	-	1,150
Increase (Decrease) in Net Assets	486,879	1,445	488,324	(133,244)
Net assets at beginning of year	374,528	158,914	533,442	666,686
Net Assets at End of Year	\$ 861,407	\$ 160,359	\$ 1,021,766	\$ 533,442

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Ketcha Outdoors

For the Year Ended December 31, 2021
(with comparative totals for December 31, 2020)

	2021							2020	
	Equestrian	Summer Camp	Portland Gear Hub	Other Programs	Programs Total	Management & General	Fundraising	Total	Total
Expenses:									
Salaries and wages	\$ 46,312	\$ 419,281	\$ 315,064	\$ 308,609	\$ 1,089,266	\$ 56,852	\$ 28,239	\$ 1,174,357	\$ 815,131
Payroll taxes	3,366	30,879	23,238	21,972	79,455	5,170	2,010	86,635	48,201
Employee benefits	-	5,139	39,513	31,525	76,177	21,319	312	97,808	78,529
Insurance	831	9,140	6,925	6,094	22,990	3,324	554	26,868	23,405
Supplies	13	511	1,056	-	1,580	2,976	7,514	12,070	7,636
Program	8,240	7,984	3,899	11,209	31,332	-	-	31,332	91,431
Telephone and utilities	345	2,933	5,481	2,812	11,571	21,299	-	32,870	24,830
Membership and dues	-	3,085	250	100	3,435	800	250	4,485	4,444
Professional fees	-	1,325	4,028	500	5,853	38,438	-	44,291	16,960
Licenses and permits	-	4,322	3,132	282	7,736	657	165	8,558	6,681
Postage and delivery	9	-	2,040	31	2,080	296	-	2,376	312
Bank and service charges	49	11,247	11,802	11,296	34,394	834	456	35,684	27,554
Interest	-	-	-	-	-	458	-	458	386
Equipment	830	19	971	1,185	3,005	534	-	3,539	3,217
Repairs and maintenance	2,359	11,287	5,704	2,689	22,039	29,122	-	51,161	36,720
Depreciation	9,814	12,196	5,970	23,532	51,512	3,928	1,013	56,453	54,294
Advertising	70	1,526	1,631	2,650	5,877	1,302	-	7,179	17,907
Bad debt	-	-	502	675	1,177	3,105	125	4,407	7,295
Travel	1,399	1,740	2,542	1,187	6,868	2,510	-	9,378	11,594
Miscellaneous	3	874	3,172	1,475	5,524	-	7	5,531	1,353
Total expenses	<u>\$ 73,640</u>	<u>\$ 523,488</u>	<u>\$ 436,920</u>	<u>\$ 427,823</u>	<u>\$ 1,461,871</u>	<u>\$ 192,924</u>	<u>\$ 40,645</u>	<u>\$ 1,695,440</u>	<u>\$ 1,277,880</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows

Ketcha Outdoors

For the Year Ended December 31, 2021
(with comparative totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
Operating Activities		
Increase (decrease) in net assets	\$ 488,324	\$ (133,244)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	58,863	54,512
Change in value of unemployment trust	(5,054)	(6,311)
Change in allowance for doubtful accounts	-	(54,587)
Bad debt expense	9,378	7,295
Gain on sale of equipment	-	(1,150)
Paycheck Protection Program Loan forgiveness	(254,700)	-
(Increase) Decrease in operating assets:		
Accounts receivable	(11,870)	69,634
Inventory	(54,941)	3,295
Prepaid expenses	4,301	3,840
Increase (Decrease) in operating liabilities:		
Accounts payable	(9,869)	8,716
Accrued expenses	(16,858)	19,122
Deferred revenue	7,221	(1,850)
Net Cash Provided (Used) by Operating Activities	<u>214,795</u>	<u>(30,728)</u>
Investing Activities		
Proceeds from sale of fixed assets	-	1,500
Purchase of fixed assets	(65,496)	(53,331)
Net Cash Used by Investing Activities	<u>(65,496)</u>	<u>(51,831)</u>
Financing Activities		
Paycheck Protection Program loan proceeds	211,387	254,700
Payments on capital lease	(814)	(779)
Net Cash Provided by Financing Activities	<u>210,573</u>	<u>253,921</u>
Increase in Cash	359,872	171,362
Cash and cash equivalents at beginning of year	<u>352,437</u>	<u>181,075</u>
Cash and Cash Equivalents at End of Year	<u>\$ 712,309</u>	<u>\$ 352,437</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 458</u>	<u>\$ 386</u>
Composition of Cash and Cash Equivalents		
Cash	\$ 711,559	\$ 351,687
Cash restricted by donors	750	750
	<u>\$ 712,309</u>	<u>\$ 352,437</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Ketcha Outdoors

Note A - Nature of Activities

Organization

Ketcha Outdoors (the Organization) is a non-profit organization which provides programs for youth. The Organization is located in Scarborough, Maine. The Organization's programs offer opportunities for acquiring skills, socializing with peers and learning about the community and the environment.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Organization's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Cash and Cash Equivalents

The Organization considers cash in operating accounts, savings accounts, certificates of deposit, and other highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, and at times the balances may exceed federally insured limits. At December 31, 2021 the Organization's uninsured and uncollateralized balances totaled \$434,533. The Organization has not experienced any losses in such accounts.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note B - Summary of Significant Accounting Policies - Continued

Revenue and Expense Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

In accordance with ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Expenses are recognized as incurred. Expense amounts are allocated among the various programs on both a direct basis and according to a cost allocation basis.

Estimates

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

Beneficial Interest in Assets Held in Unemployment Trust

The Organization has elected to not pay unemployment taxes and instead makes contributions to the Unemployment Services Trust which holds the Organization's contributions in trust for any potential unemployment claims. The Organization measures the asset associated with its interest in the Unemployment Services Trust at the cumulative contributions made less cumulative claims paid, which approximates fair value.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note B - Summary of Significant Accounting Policies - Continued

Accounts Receivable

Accounts receivable represent amounts billed for Organization programs. The Organization provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal receivables are due 30 days after being invoiced. Receivables past due more than 120 days are considered delinquent. A receivable is written off when the Organization determines that the receivable is uncollectible based on specific circumstances of the customer and economic conditions.

Management deems an allowance for uncollectible accounts is not necessary for the years ended December 31, 2021 and 2020.

Inventory

Inventory consists of bike, ski and miscellaneous equipment available for purchase at Gear Hub, a used bike and outdoor gear retail store. Inventory that has been donated is recorded as an in-kind contribution. It is valued at estimated fair market value at the date it was donated. Inventory that is purchased is recorded at the lower of cost or net realizable value, determined on the first in, first out basis.

Fixed Assets

Fixed assets are stated at cost or fair value at date of acquisition, and acquisitions in excess of \$500 with a useful life greater than 3 years are capitalized. Fixed assets are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from three to thirty-nine years.

In-Kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills which would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. For the years ended December 31, 2021 and 2020, in-kind contributions of \$44,940 and \$33,161, respectively, are included in the accompanying Statement of Activities.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Organization. Those expenses include salaries, payroll taxes, employee benefits, insurance, utilities, and repairs and maintenance. Salaries, payroll taxes, and employee benefits are allocated based on estimates of time and effort. Certain costs of insurance, utilities, and repairs and maintenance are based on management's estimate of the appropriate allocations for each expense.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note B - Summary of Significant Accounting Policies - Continued

Advertising

Advertising costs are expensed as incurred, which totaled \$7,179 and \$17,907 for the years ended December 31, 2021 and 2020, respectively.

Compensated Absences

Vested and accumulated earned time is reported as an expense and a liability when the obligation becomes determinable.

Income Taxes

The Organization qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2018 due to statute of limitations. The Organization has adopted the provisions of FASB ASC, Income Taxes. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class and functional expenses by program. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. 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.

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842). This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the Statement of Financial Position of the Organization for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note C - Fair Value Measurements

The Organization has adopted a framework for measuring fair values under generally accepted accounting principles and applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the year ended December 31, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Beneficial Interest in Assets Held in Unemployment Trust

The beneficial interest in assets held in unemployment trust has been valued using a market approach. The fair value of the beneficial interest in assets held in unemployment trust is the cumulative contributions made less cumulative claims paid, which approximates fair value.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note C - Fair Value Measurements - Continued

The following summarizes fair values of investment assets by levels within the fair value hierarchy at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held in unemployment trust	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,729</u>	\$ <u>24,729</u>

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>
	Beneficial interest in assets of unemployment trust
Beginning balance	\$ 19,675
Contributions	-
Change in value of beneficial interest in perpetual trust	<u>5,054</u>
Ending balance	<u>\$ 24,729</u>

Note D - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Organization received a \$254,700 loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program (PPP), established as part of the 2020 CARES Act. A second draw PPP loan in the amount of \$211,387 was received during the year ending December 31, 2021. The promissory notes were to be forgiven if the loans was used for payroll, rent, mortgage interest, or utilities incurred over the twenty four week period starting from the day the funds were received from the lender (with at least 60% of the loan being used for payroll). In addition, the Organization had to maintain staffing and 75% of salaries as assessed individually, subject to certain exemptions. For any portion of the loans not forgiven, principal and interest payments were to begin on the seven month anniversary of execution of the note, with interest at a rate of 1% and principal in an amount so that the remaining loan balance was fully amortized by the maturity dates.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note D - Paycheck Protection Program Loan - Continued

During the year ended December 31, 2021, Ketcha Outdoors received notification of forgiveness from the SBA of the first draw PPP loan. Accordingly, the Organization has recognized the entire balance of \$254,700 on the accompanying Statement of Activities for the year ended December 31, 2021.

Subsequent to year-end, Ketcha Outdoors received notification of forgiveness from the SBA of the second draw PPP loan. The Organization has opted to present the liability as debt on the accompanying Statement of Financial Position for the year ended December 31, 2021.

Note E - Capital Leases

Certain long-term lease transactions relating to the financing of equipment are accounted for as capital leases. The assets and liabilities related to capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset (which approximate cost). The assets are depreciated over their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

The cost of the equipment acquired under capital leases and included in the accompanying balance sheet was \$32,207 and accumulated depreciation at December 31, 2021 was \$6,441.

Required future minimum lease payments on the capital lease obligations are as follows:

2022	\$	1,205
2023		1,228
2024		1,252
2025		1,276
2026		1,300
Thereafter		<u>16,117</u>
		22,378
Less amounts representing interest		<u>3,218</u>
Present value of minimum lease payments		19,160
Less current portion of capital lease obligations		<u>816</u>
Long-term capital lease obligations	\$	<u><u>18,344</u></u>

Note F - Line of Credit

The Organization has available a \$100,000 line of credit. The line is secured by all business assets. There was no outstanding balance on this line at December 31, 2021 and 2020.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note G - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
<i>Subject to expenditure for specified purpose:</i>		
Bicentennial	\$ 500	\$ 500
Bike storage	-	19,000
Playground	1,200	1,200
Sheds	11,233	15,186
Sibley project	7,792	7,792
Staff support	4,900	4,900
Special needs - staff training	2,860	2,860
T Shirts	-	466
Therapy tools	1,000	1,000
Volunteer coordinator	20,000	20,000
Yurt	497	541
Bikes for all Mainers	4,627	1,233
Digital pro	-	127
FF KG program	22,800	-
Splash pad	6,250	6,250
Therapeutic horse	-	200
Scholarships	26,098	19,828
BOLT	7,273	14,197
Special needs	3,300	3,300
Horse waterer	-	359
Ketcha Kares	7,515	-
Youth wrench	2,366	2,903
Stage	-	653
Grounds maintenance and yurts	6,381	10,075
Waterfront	589	589
Pool fence	4,000	4,000
Youth earn a bike	12,999	14,175
Special needs tools	3,058	3,058
Defibrillator	-	1,295
Build a bike	2,371	2,477
Total subject to expenditure for specified purpose	<u>159,609</u>	<u>158,164</u>

Notes to Financial Statements - Continued

Ketcha Outdoors

Note G - Net Assets with Donor Restrictions - Continued

Not subject to appropriation or expenditure:

Bricks 07	100	100
Scholarship Endowment	<u>650</u>	<u>650</u>
Total not subject to appropriation or expenditure	<u>750</u>	<u>750</u>
Total net assets with donor restrictions	<u>\$ 160,359</u>	<u>\$ 158,914</u>

Note H - Liquidity and Availability

Financial assets consist of the Organization's cash and accounts receivable. The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Net Position.

	<u>2021</u>	<u>2020</u>
Financial assets, at year end	\$ 721,454	\$ 359,090
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions</i>		
Restricted by donor with time or purpose restrictions	<u>(160,359)</u>	<u>(158,914)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 561,095</u>	<u>\$ 200,176</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2022.

The Organization is substantially supported by program fees. The Organization actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. As more fully described in Note F, the Organization also has availability under the line of credit of \$100,000, should an unanticipated liquidity need be identified.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note I - Revenue Recognition

Disaggregation of Revenue

The following table shows the Organization's contract revenue disaggregated according to service type/revenue stream and the timing of transfer of goods or services for the year ending December 31:

	<u>2021</u>	<u>2020</u>
<i>Revenue Recognized at a Point in Time</i>		
Registration fees	\$ 8,500	\$ 18,751
Sale of bikes	499,745	336,328
Service income	<u>66,176</u>	<u>68,229</u>
Total revenue recognized at a point in time	574,421	423,308
<i>Revenue Recognized Over Time</i>		
Tuition and related fees	<u>1,076,412</u>	<u>536,314</u>
Total Revenue from Contracts with Customers	<u>\$ 1,650,833</u>	<u>\$ 959,622</u>

Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, the Organization has considered the need to record contract assets and contract liabilities from contracts with its customers. No such balances exist for contract assets as of December 31, 2021 and 2020. The Organization has \$71,771 and \$64,550 of contract liabilities, which are recorded as deferred revenue on the statement of financial position as of December 31, 2021 and 2020, respectively.

Receivables

The Organization has accounts receivable of \$3,967 and \$1,067 from contracts with customers at December 31, 2021 and 2020, respectively.

Performance Obligations

The Organization receives tuition and camp revenue as services are provided. Revenue is recognized on a ratable basis over the contract term.

The organization receives registration fee income when the services are provided. Revenue is recognized at a point in time.

The Organization receives income from the sale of bikes at the time of sale. Revenue is recognized at a point in time.

The Organization receives service income as the services are provided. Revenue is recognized at a point in time.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note I - Revenue Recognition - Continued

Performance Obligations - Continued

All payments are due prior to receiving the service, there are no special credit terms extended to customers.

Transaction Price Allocated to Remaining Performance Obligations

Obligations related to contracts are for services with remaining terms of less than twelve months with an original duration of one year or less, and contain no variable consideration.

Warranties

Warranty (or return, refund, discount) obligations are purchased along with the contract and are considered a separate performance obligation. Management has determined that the only warranties effecting this particular revenue stream are for refunds available and discounts.

All refunds that could be issued were issued by year-end for December 31, 2021 and 2020, respectively.

Discounts are issued for a variety of reasons and they are included in the transaction price. The total discounts included in contract revenue was \$29,940 and \$20,916 for the years ended December 31, 2021 and 2020, respectively.

Significant Judgments

Contract transaction price includes the Organization's judgment of variable consideration. Variable consideration is broadly defined and includes incentives, price concessions, rebates and refunds, as well as if the amount to be received is contingent on the occurrence of a future event. Based on available information, management must include an estimate of any variable consideration when determining the contract transaction price, using either the "expected value" or the "most likely amount" approach.

A customer's acceptance of an asset may indicate that the customer has obtained control of the asset. Customer acceptance clauses allow a customer to cancel a contract if a good or service does not meet agreed-upon specifications. The Organization considers such clauses when evaluating when a customer obtains control of a good or service. The Organization believes any such provisions to be objective and standard, and thus has determined control to transfer prior to formal acceptance.

The Organization uses the input method of time elapsed to recognized revenue related to these contracts. The costs of operations are approximately the same each month. As such, the Organization has determined it appropriate to recognize income ratably over the program period.

Notes to Financial Statements - Continued

Ketcha Outdoors

Note I - Revenue Recognition - Continued

Significant Judgments - Continued

The Organization has elected not to identify promised goods or services that are immaterial in the context of the contract for further evaluation under ASC 606, and has applied the decision consistently to similar types of transactions.

Financing Components

The Organization's contracts with customers contain no significant financing components.

Note J - Simple IRA Retirement Plan

The Organization has a Simple IRA retirement plan covering qualified employees, as defined. Eligibility is based on employees receiving \$5,000 over either of the two prior calendar years and are expected to earn \$5,000 in the current year. The Organization will match employee contributions 100% up to 3% of the employee's gross wages. Total retirement expense under this Plan was approximately \$16,000 and \$9,000 for the years ended December 31, 2021 and 2020, respectively.

Note K - Employee Retention Tax Credit

The Organization has evaluated its eligibility for the Employee Retention Tax Credit for the year ended December 31, 2021, and has filed Form 941-X, Adjusted Employer's quarterly Federal Tax Return or Claim for Refund for the third quarter of 2020. The credit has been included on the accompanying Statement of Activities for the year ended December 31, 2021 as "Employee Retention Tax Credit" in support and revenues.

Note L - Subsequent Events

Management has evaluated subsequent events to and including, January 3, 2023, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.