CONSOLIDATED FINANCIAL STATEMENTS

POLAR BEARS INTERNATIONAL

FOR THE YEAR ENDED DECEMBER 31, 2023

POLAR BEARS INTERNATIONAL

CONTENTS

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Polar Bears International
Bozeman, Montana

Opinion

We have audited the accompanying consolidated financial statements of Polar Bears International and Polar Bears International (Canada) Inc., collectively "the Organization", which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, and the consolidated change 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position and the Consolidating Schedule for Activities and Changes in Net Assets on pages 19 - 20 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gelman Rosenberg & Freedman

June 7, 2024

POLAR BEARS INTERNATIONAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 1,170,037
Investments	1,041,135
Accounts receivable	115,994
Pledges receivable	967,744
Inventory	26,971
Prepaid expenses	48,173
Right-of-use assets, net	59,391
Total current assets	3,429,445
PROPERTY AND EQUIPMENT, NET	3,550,777
NONCURRENT ASSETS	
Security deposit	787
Intangible assets	314,637
Pledge receivables, net	78,692
Total noncurrent assets	394,116
TOTAL ASSETS	**$ 7,374,338**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Notes payable	$ 370,317
Accounts payable and accrued liabilities	363,154
Lease liabilities	45,456
Total current liabilities	778,927
NONCURRENT LIABILITIES	
Notes payable, net	36,502
Total liabilities	815,429
NET ASSETS	
Without donor restrictions	4,958,159
With donor restrictions	1,600,750
Total net assets	6,558,909
TOTAL LIABILITIES AND NET ASSETS	**$ 7,374,338**

POLAR BEARS INTERNATIONAL

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 3,542,775	$ 600,825	$ 4,143,600
Contributed services and materials	853,092	-	853,092
Grants	25,000	813,031	838,031
Net investment return	37,015	-	37,015
Program registration fees	31,350	-	31,350
Other revenue	9,693	-	9,693
Net assets released from donor restrictions	1,331,195	(1,331,195)	-
Total support and revenue	5,830,120	82,661	5,912,781
EXPENSES			
Program Services	4,364,815	-	4,364,815
Supporting Services:			
General and Administrative	379,231	-	379,231
Fundraising	750,072	-	750,072
Total supporting services	1,129,303	-	1,129,303
Total expenses	5,494,118	-	5,494,118
Change in net assets before other item	336,002	82,661	418,663
OTHER ITEM			
Foreign currency gain	89,349	-	89,349
Change in net assets	425,351	82,661	508,012
Net assets at beginning of year	4,532,808	1,518,089	6,050,897
NET ASSETS AT END OF YEAR	**$ 4,958,159**	**$ 1,600,750**	**$ 6,558,909**

See accompanying notes to consolidated financial statements.

POLAR BEARS INTERNATIONAL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Supporting Services			
	Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Payroll and training	$ 1,399,466	$ 146,517	$ 291,896	$ 438,413	$ 1,837,879
Outside services	1,022,388	13,050	56,714	69,764	1,092,152
Travel	399,767	9,805	36,198	46,003	445,770
Rent	440,336	17	1,740	1,757	442,093
Events	51,355	350	200,434	200,784	252,139
Depreciation	187,672	29,388	-	29,388	217,060
Advertising and promotion	196,112	-	4,862	4,862	200,974
Amortization	81,905	19,792	48,820	68,612	150,517
Supplies	84,619	4,838	42,271	47,109	131,728
Professional fees	61,427	41,763	17,955	59,718	121,145
Insurance	88,285	18,241	11,116	29,357	117,642
Equipment rental/maintenance	92,495	686	148	834	93,329
Utilities	53,229	4,172	3,785	7,957	61,186
Licenses and fees	834	41,098	17,194	58,292	59,126
Other operating expenses	31,226	10,264	4,669	14,933	46,159
Grants	50,382	-	-	-	50,382
Small equipment	38,887	3,449	3,245	6,694	45,581
Postage	33,123	1,531	5,516	7,047	40,170
Taxes	35,891	558	2,757	3,315	39,206
Interest	67	22,944	-	22,944	23,011
Cost of merchandise sold	15,342	4,425	752	5,177	20,519
Bank charges	7	6,343	-	6,343	6,350
TOTAL	**$ 4,364,815**	**$ 379,231**	**$ 750,072**	**$ 1,129,303**	**$ 5,494,118**

POLAR BEARS INTERNATIONAL

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 508,012
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	288,409
Amortization of right-of-use assets	79,168
(Increase) decrease in:	
Accounts receivable	(89,618)
Pledges receivable	(108,077)
Inventory	(1,695)
Prepaid expenses	70,552
Increase (decrease) in:	
Accounts payable and accrued liabilities	105,812
Lease liabilities	(86,902)
Construction liability	(498,618)
Refundable advances	(174,494)
Net cash provided by operating activities	92,549
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(205,687)
Purchases of intangible assets	(119,524)
Purchase of investments	(1,041,135)
Net cash used by investing activities	(1,366,346)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on notes payable	(82,710)
Net cash used by financing activities	(82,710)
Net decrease in cash and cash equivalents	(1,356,507)
Cash and cash equivalents at beginning of year	2,526,544
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,170,037**
SUPPLEMENTAL INFORMATION:	
Interest Paid	**$ 23,196**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Polar Bears International is a non-profit organization as provided by the United States Internal Revenue Code Section 501(c)(3). Polar Bears International (Canada) Inc. is a without-share capital corporation incorporated under the Federal laws of Canada. In 2004, Polar Bears International entered into a joint venture agreement with Polar Bears International (Canada) Inc. In 2020 the joint venture agreement was updated with a Strategic Alliance and Partnership Agreement. The purpose of this agreement is to fund, facilitate, promote, and carry out activities, research, and programs for the advancement of education relating to the conservation of polar bears within Canada and worldwide. The term of the Strategic Alliance shall continue for an indefinite period until terminated in accordance with the agreement.

Principles of consolidation -

The accompanying consolidated financial statements are presented in accordance with the criterion established by FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. The accompanying consolidated financial statements include the operations of Polar Bears International and Polar Bears International (Canada) Inc., collectively "the Organization". All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets with Donor Restrictions -** Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncement adopted (continued) -

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are accounts receivable. The Organization implemented the ASU on January 1, 2023, using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosure only.

Nature of activities -

The following are the major programs that support the Organization's mission:

Research Project – studying and analyzing the impacts of global warming on polar bear populations and their sea ice habitat.

Education Outreach – share information on polar bears and make a call to action to reduce greenhouse gas emissions through public talks, workshops, media interviews, e-communications.

Campaign – focus attention on the urgent challenges polar bears face in a changing Arctic and the each citizen can play to reduce global warming.

Polar Bear Cam – live cameras during the fall migration as the polar bears wait for freeze-up, reaching millions of people worldwide and inspiring them to take action.

Arctic Documentary Project – capturing in words, pictures, and moving images of what we see in the arctic today.

Tundra Connections – web-conferencing from tundra to classroom.

Climate Alliance – a leadership program that trains and empowers individuals to focus and promote community engagement on reducing greenhouse gas emissions.

Arctic Ambassador Centers – Leading zoos, and aquariums belong to the AAC network. Together, we enhance the delivery of education to their visitors on polar bears and climate action.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000.

The Organization had approximately $113,109 of cash and cash equivalents on hand in financial institutions in Canada at December 31, 2023. Bank deposits in Canada are insured up to 100,000 Canadian dollars (approximately $73,000).

At times during the year, the Organization maintains cash balances in excess of the FDIC and Canada Deposit Insurance Corporation (CDIC) insurance limits. Management believes the risk in these situations to be minimal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization’s policy is to liquidate all gifts of investments as soon as possible after the gift.

Certificates of deposit held for investment that are not debt securities with original maturities greater than three months are included in investments.

Receivables -

Accounts receivable primarily consists of amounts due within one year related to program registration fees and reimbursements for treks and expeditions. In addition, accounts receivable consists of goods and services taxes paid in Canada. The Organization is entitled to half of the qualifying amount of taxes paid as a refund. Accounts receivable are recorded at their net realizable value which approximates fair value.

Accounts receivable are evaluated for an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

Pledges receivable include unconditional promises to give that are expected to be collected in future years. Pledges receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term pledges receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions revenue.

Inventory -

Inventory consists primarily of promotional merchandise and is measured at the lower of cost and net realizable value using the first-in, first-out method.

Property and equipment -

Property and equipment in excess of $1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 5 to 40 years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2023 totaled $217,060.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Impairment of long-lived assets (continued) -

When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

Polar Bears International is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Polar Bears International is not a private foundation.

Polar Bears International (Canada) Inc. was formed as a without-share capital corporation incorporated under the federal laws of Canada, which is considered a tax exempt entity type.

Support and revenue -

Contributions, grants and special events -

Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions and grants is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions and grants with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions and grants that are both received and released from restrictions in the same year are classified as without donor restrictions.Revenue from events is recorded as contributions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of December 31, 2023.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Organization had no conditional contributions to be received in futures years as of December 31, 2023.

Program registration fees -

Program registration fees classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*, are recognized as revenue when the related events are held. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Support and revenue (continued) -

Receivables from contracts with customers were the following as of December 31, 2023 and January 1, 2023:

	December 31, 2023	January 1, 2023
Program registration fees and reimbursements for treks and expeditions	$ 115,994	$ 26,376
TOTAL RECEIVABLES FROM CONTRACTS WITH CUSTOMERS	**$ 115,994**	**$ 26,376**

Contributed services and materials -

Contributed services and materials consist of professional services and materials. Goods donated for distribution for the Organization's programs are recorded at their fair market value as of the date of the gift. Contributed 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 Organization. In addition, volunteers have donated significant amounts of their time to the Organization; these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

Foreign currency translation -

The U.S. Dollar is the functional currency of the Organization's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into Dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising -

The Organization expenses advertising costs as incurred. Advertising expense was $200,974 for the year ended December 31, 2023.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk 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 changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

Guaranteed Investment Certificates - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023.

	Level 1	Level 2	Level 3	Total
Investments:				
Guaranteed Investment Certificates	$ -	$ 1,041,135	$ -	$ 1,041,135

2. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Net investment return consisted of the following for the year ended December 31, 2023:

Interest and dividends	$ 37,093
Investment fees	(78)
NET INVESTMENT RETURN	**$ 37,015**

3. PLEDGES RECEIVABLE

As of December 31, 2023, contributors to the Organization have made unconditional written promises to give, of which $1,054,216, remained due and outstanding. Amounts due beyond one year of the Consolidated Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 7.2% to 8.5%. Following is a schedule of amounts due, by year, as of December 31, 2023:

Less than one year	$ 967,744
One to five years	86,472
Total	1,054,216
Less: Allowance to discount balance to present value	(7,780)
NET RECEIVABLES	**$ 1,046,436**

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023:

Land	$ 36,453
Buildings and improvements	3,361,618
Equipment	1,063,046
Furniture	108,085
Subtotal	4,569,202
Less: Accumulated depreciation	1,018,425
NET PROPERTY AND EQUIPMENT	**$ 5,587,627**

Depreciation expense for the year ended December 31, 2023 was $217,060.

5. INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2023:

Website	$ 423,022
Trademark	43,359
Subtotal	466,381
Less: Accumulated amortization	(151,744)
NET INTANGIBLE ASSETS	**$ 314,637**

Amortization expense for the year ended December 31, 2023 was $71,349 and is included as Amortization expense in the accompany Consolidated Statement of Functional Expenses.

6. NOTES PAYABLE

Facility B - to Canadian Imperial Bank of Commerce in the amount of $73,613; dated December 18, 2018; the note was due on demand, but until demand the note required monthly payments of $744, including interest of 3.962%, through January 1, 2021. The term of the loan is 120 months, of which the fixed rate period was 24 months. At the end of 24 months, the loan was due in full or the terms could be extended and interest rate negotiated. The loan is secured by the Organization's property in Manitoba. The note payable was extended during January 2021. The new terms of the note payable required monthly payments of $697, including interest of 2.438%, through December 1, 2025, with a final payment of accrued interest and principal due on January 1, 2026.

Facility D - to Canadian Imperial Bank of Commerce in the amount of $588,904; dated December 18, 2018; the note was due on demand, but until demand the note required monthly payments of $6,067, including interest of 4.373%, through January 1, 2024. The term of the loan is 120 months, of which the fixed rate period was 60 months. At the end of 60 months, the loan is due or the terms can be extended and interest rate negotiated. The loan is secured by the Organization's property in Manitoba.

As of December 31, 2023, the total outstanding balance of the notes payable are as follows:

Facility B	$ 45,455
Facility D	361,364
NOTE PAYABLE, NET	**$ 406,819**

Principal payments are due as follows:

Year Ending December 31,	
2024	$ 370,317
2025	36,502
	$ 406,819

During the year ended December 31, 2023, interest expense was $23,011.

7. LINE OF CREDIT

The Organization maintains an account that functions as a line of credit with the Canadian Imperial Bank of Commerce, due on demand, interest rate at prime plus 0.50%, that allows maximum borrowings of $36,847. The line is secured by the Organization's property in Manitoba. There were no outstanding borrowings during the year ended (or as of) December 31, 2023.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Subject to expenditure for specified purpose	$ 994,022
Subject to passage of time	606,728
NET ASSETS WITH DONOR RESTRICTIONS	**$ 1,600,750**

8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished	$ 913,885
Timing restrictions accomplished	417,310
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 1,331,195**

9. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	$ 1,170,037
Investments	1,041,135
Accounts receivable	115,994
Pledges receivable	967,744
Subtotal financial assets available within one year	3,294,910
Less: Net assets subject to expenditure for a specified purpose	(994,022)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 2,300,888**

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, the Organization has a line of credit agreement (as further discussed in Note 7) which allows for additional available borrowings up to $36,847.

10. CONTRIBUTED SERVICES AND MATERIALS

The Organization was the beneficiary of certain contributed nonfinancial assets which allowed the Organization to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift. In addition, none of the donated goods were monetized through sale. The contributed nonfinancial assets consisted of the following for the year ended December 31, 2023:

Advertising and promotion	$ 200,974
Equipment rental/maintenance	93,329
Outside services	302,127
Events	252,139
Cost of merchandise	4,523
TOTAL	**$ 853,092**

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories during the year ended December 31, 2023:

Program	$ 714,831
Fundraising	138,261
TOTAL	**$ 853,092**

11. LEASE COMMITMENTS

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Lease:

The Organization leases office space in Bozeman, Montana under an operating lease that requires monthly payments of $7,498 including utilities, through July 1, 2024. The discount rate used to calculate the lease liability was 5%.

For the year ended December 31, 2023, total lease cost was $80,835 and total cash paid was $88,248.

Finance Lease:

The Organization leased a copier under a finance lease that requires monthly payments of $245 including utilities, through February 29, 2024. The discount rate used to calculate the lease liability was 5%.

For the year ended December 31, 2023, total amortization on the right-of-use asset was $2,527 and total interest expense was $92 for the financing lease.

The following is a schedule of the future minimum lease payments due under the leases as of December 31, 2023:

Year Ending December 31,	Office	Copier
2024	$ 44,988	$ 490

12. RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a SIMPLE IRA plan. The Organization also sponsors a Canadian Common Good Plan for eligible participants. The Organization matches participant contributions for both plans up to 3% of the individual participant's compensation, up to limitations, if any, set forth by each country's respective government. Contributions to the Plan during the year ended December 31, 2023 totaled $39,469.

13. RELATED PARTIES

The Organization receives substantial support from its Board Members and Board Member affiliated organizations to facilitate its program and mission objectives. The support is received in the form of contributions, both with donor restrictions and without donor restrictions, and sponsorships.

Total Board Member contributions, both with and without donor restrictions, were $36,216 for the year ended December 31, 2023. For the year ended December 31, 2023, contributions from other related parties totaled $107,032.

During the year ended December 31, 2023, the Organization paid professional fees for services to a business of a Board Member in the amount of $10,780.

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 7, 2024, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

POLAR BEARS INTERNATIONAL

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

	Polar Bears International	Polar Bears International (Canada) Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 1,056,928	$ 113,109	$ -	$ 1,170,037
Investments	413,617	627,518	-	1,041,135
Accounts receivable	6,023	113,145	(3,174)	115,994
Pledges receivable	880,980	94,742	(7,978)	967,744
Inventory	22,973	3,998	-	26,971
Prepaid expenses	32,834	15,339	-	48,173
Right-of-use assets, net	59,391	-	-	59,391
Total current assets	2,472,746	967,851	(11,152)	3,429,445
PROPERTY AND EQUIPMENT, NET	378,869	3,171,908	-	3,550,777
NONCURRENT ASSETS				
Security deposits	787	-	-	787
Intangible assets	39,676	274,961	-	314,637
Pledges receivable, net	9,130	69,562	-	78,692
Total noncurrent assets	49,593	344,523	-	394,116
TOTAL ASSETS	**$ 2,901,208**	**$ 4,484,282**	**$ (11,152)**	**$ 7,374,338**

LIABILITIES AND NET ASSETS

	Polar Bears International	Polar Bears International (Canada) Inc.	Eliminations	Total
CURRENT LIABILITIES				
Notes payable	$ -	$ 370,317	$ -	$ 370,317
Accounts payable and accrued liabilities	202,765	171,541	(11,152)	363,154
Lease liabilities	45,456	-	-	45,456
Total current liabilities	248,221	541,858	(11,152)	778,927
NONCURRENT LIABILITIES				
Notes payable, net	-	36,502	-	36,502
Total liabilities	248,221	578,360	(11,152)	815,429
NET ASSETS				
Without donor restrictions	1,178,529	3,779,630	-	4,958,159
With donor restrictions	1,474,458	126,292	-	1,600,750
Total net assets	2,652,987	3,905,922	-	6,558,909
TOTAL LIABILITIES AND NET ASSETS	**$ 2,901,208**	**$ 4,484,282**	**$ (11,152)**	**$ 7,374,338**

POLAR BEARS INTERNATIONAL

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Polar Bears International			Polar Bears International (Canada) Inc.				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
SUPPORT AND REVENUE								
Contributions	$ 2,445,236	$ 397,903	$ 2,843,139	$ 1,097,539	$ 202,922	$ 1,300,461	$ -	$ 4,143,600
Contributed services and materials	505,919	-	505,919	347,173	-	347,173	-	853,092
Grants	25,000	813,031	838,031	100,000	-	100,000	(100,000)	838,031
Net investment return	13,734	-	13,734	23,281	-	23,281	-	37,015
Program registration fees	31,350	-	31,350	-	-	-	-	31,350
Other revenue	7,597	-	7,597	2,096	-	2,096	-	9,693
Net assets released from donor restrictions	892,036	(892,036)	-	439,159	(439,159)	-	-	-
Total support and revenue	3,920,872	318,898	4,239,770	2,009,248	(236,237)	1,773,011	(100,000)	5,912,781
EXPENSES								
Program Services	2,906,166	-	2,906,166	1,558,649	-	1,558,649	(100,000)	4,364,815
Supporting Services:								
General and Administrative	281,285	-	281,285	97,946	-	97,946	-	379,231
Fundraising	509,398	-	509,398	240,674	-	240,674	-	750,072
Total supporting services	790,683	-	790,683	338,620	-	338,620	-	1,129,303
Total expenses	3,696,849	-	3,696,849	1,897,269	-	1,897,269	(100,000)	5,494,118
Change in net assets before other item	224,023	318,898	542,921	111,979	(236,237)	(124,258)	-	418,663
OTHER ITEM								
Foreign currency (loss)/gain	(436)	-	(436)	89,785	-	89,785	-	89,349
Change in net assets	223,587	318,898	542,485	201,764	(236,237)	(34,473)	-	508,012
Net assets at beginning of year	954,942	1,155,560	2,110,502	3,577,866	362,529	3,940,395	-	6,050,897
NET ASSETS AT END OF YEAR	**$ 1,178,529**	**$ 1,474,458**	**$ 2,652,987**	**$ 3,779,630**	**$ 126,292**	**$ 3,905,922**	**$ -**	**$ 6,558,909**